



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021
OF THE CONDITION AND AFFAIRS OF THE
Molina Healthcare of Michigan, Inc.

| | | | | | | |
|---|---|---------|---|------------|------------------------------------|------------|
| NAIC Group Code | 1931 | 9311 | NAIC Company Code | 52930 | Employer's ID Number | 35-3341599 |
| | (Current) | (Prior) | | | | |
| Organized under the Laws of | Michigan | | | | State of Domicile or Port of Entry | M |
| Country of Domicile | United States of America | | | | | |
| Licensed as business type: | Health Maintenance Organization | | | | | |
| Is HMO Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | | | | | |
| Incorporated/Organized | 02/12/1997 | | Commenced Business | 01/01/1996 | | |
| Statutory Home Office | 880 W Long Lake Rd, Suite 800 | | Troy, MI US 48068-4504 | | | |
| | (Street and Number) | | (City or Town, State, Country and Zip Code) | | | |
| Main Administrative Office | 880 W Long Lake Rd, Suite 800 | | 248-925-1700 | | | |
| | (Street and Number) | | (Area Code) (Telephone Number) | | | |
| | Troy, MI US 48068-4504 | | | | | |
| | (City or Town, State, Country and Zip Code) | | | | | |
| Main Address | 880 W Long Lake Rd, Suite 800 | | Troy, MI US 48068-4504 | | | |
| | (Street and Number or P.O. Box) | | (City or Town, State, Country and Zip Code) | | | |
| Primary Location of Books and Records | 880 W Long Lake Rd, Suite 800 | | 248-925-1700 | | | |
| | (Street and Number) | | (Area Code) (Telephone Number) | | | |
| | Troy, MI US 48068-4504 | | | | | |
| | (City or Town, State, Country and Zip Code) | | | | | |
| Internet Website Address | www.molinahealthcare.com | | | | | |
| Statutory Statement Contact | Aarati M. Mehta | | 614-392-3818 | | | |
| | (Name) | | (Area Code) (Telephone Number) | | | |
| | aarati.mehta@molinahealthcare.com | | 682-437-7235 | | | |
| | (E-mail Address) | | (FAX Number) | | | |

OFFICERS

| | | | |
|-------------------------|----------------------------|-----------|--------------------|
| President | Christine Margaret Sundock | Secretary | Jeffrey Don Barlow |
| Chief Financial Officer | Michael Charles Graves # | | |

OTHER

DIRECTORS OR TRUSTEES

| | | |
|----------------------------|------------------------|--------------------|
| Christine Margaret Sundock | Matthew Carter Schuman | Steve Ross Lurie # |
| Amy Margaret Conn | Joanne Carol Smith | Marissa Ann Morgan |

State of Michigan SS
County of Oakland

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of the attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Christine Margaret Sundock
President

Michael Charles Graves
Chief Financial Officer

Jeffrey Don Barlow
Secretary

Subscribed and sworn to before me this 14th day of February 2022

Notary Public

- a. Is this an original filing? Yes ☒ No ☐
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

RENE ATKINSON
Notary Public State of Michigan
County of Macomb
My Commission Expires Sep. 01, 2028
Notary in the County of Oakland



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FOR THE YEAR ENDED DECEMBER 31, 2021
OF THE CONDITION AND AFFAIRS OF THE
Molina Healthcare of Michigan, Inc.

NAIC Group Code 1531 1531 NAIC Company Code 52630 Employer's ID Number 38-3341699
(Current) (Prior)
Organized under the Laws of Michigan State of Domicile or Port of Entry MI
Country of Domicile United States of America
Licensed as business type Health Maintenance Organization
Is HMO Federally Qualified? Yes ☐ No ☒
Incorporated/Organized 02/12/1997 Commenced Business 01/01/1998
Statutory Home Office 880 W. Long Lake Rd., Suite 600 Troy, MI, US 48068-4504
(Street and Number) (City or Town, State, Country and Zip Code)
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(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Internet Website Address www.molinahealthcare.com
Statutory Statement Contact Aarati M. Mehta 614-392-3818
(Name) (Area Code) (Telephone Number)
aarati.mehta@molinahealthcare.com 582-437-7235
(E-mail Address) (FAX Number)

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Chief Financial Officer Michael Charles Graves #

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DIRECTORS OR TRUSTEES

Christine Margaret Surdock Matthew Carter Schuerman Steve Ross Luns #
Amy Margaret Conn Joanna Carol Smith Mariasa Ann Morgan

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County of Oakland

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Christine Margaret Surdock
President

Michael Charles Graves
Chief Financial Officer

Jeffrey Don Barlow
Secretary

Subscribed and sworn to before me this 14th day of Feb 2022

KAREN A. GUEDALIA
Notary Public, State of South Carolina
My Commission Expires 11/20/2027

a. Is this an original filing? ☐
b. If no, ☐

Yes ☒ No ☐



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(Current) (Prior)
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Is HMO Federally Qualified? Yes [] No [X]
Incorporated/Organized 02/12/1997 Commenced Business 01/01/1998
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Christine Margaret Surdock
President

Michael Charles Graves
Chief Financial Officer

Jeffrey Don Barlow
Secretary

Subscribed and sworn to before me this
day of _____

- a. Is this an original filing? _____
b. If no,
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

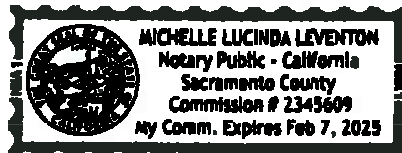
Yes [X] No []

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Sacramento

Subscribed and sworn to (or affirmed) before me on this 31st
day of January, 20 21, by Jeff Barlow

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature

A handwritten signature in blue ink, appearing to read "Michelle Leventon", written over a horizontal line.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Molina Healthcare of Michigan, Inc.

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|-------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 115,554,686 | | 115,554,686 | 164,283,793 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | | | | |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ | | | | |
| encumbrances) | | | | |
| 4.2 Properties held for the production of income (less | | | | |
| \$ | | | | |
| encumbrances) | | | | |
| 4.3 Properties held for sale (less \$ | | | | |
| encumbrances) | | | | |
| 5. Cash (\$ | | | | |
| (9,696,718) , Schedule E - Part 1), cash equivalents | | | | |
| (\$ | | | | |
| 391,027,110 , Schedule E - Part 2) and short-term | | | | |
| investments (\$ | 393,825,503 | | 393,825,503 | 238,034,912 |
| 12,495,111 , Schedule DA) | | | | |
| 6. Contract loans, (including \$ | | | | |
| premium notes) | | | | |
| 7. Derivatives (Schedule DB) | | | | |
| 8. Other invested assets (Schedule BA) | | | | |
| 9. Receivables for securities | | | | |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 509,380,189 | | 509,380,189 | 402,318,705 |
| 13. Title plants less \$ | | | | |
| charged off (for Title insurers | | | | |
| only) | | | | |
| 14. Investment income due and accrued | 413,602 | | 413,602 | 728,429 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 81,782,802 | | 81,782,802 | 70,632,765 |
| 15.2 Deferred premiums and agents' balances and installments booked but | | | | |
| deferred and not yet due (including \$ | | | | |
| earned but unbilled premiums) | | | | |
| 15.3 Accrued retrospective premiums (\$ | | | | |
| 145,849) and | | | | |
| contracts subject to redetermination (\$ | | | | |
| 22,200,142) | 22,345,991 | | 22,345,991 | 19,870,945 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 1,454 | | 1,454 | 1,454 |
| 16.2 Funds held by or deposited with reinsured companies | | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | | |
| 17. Amounts receivable relating to uninsured plans | | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | 20,926,632 |
| 18.2 Net deferred tax asset | 13,419,763 | 1,073,913 | 12,345,850 | 9,711,483 |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | 10,063 | 10,063 | | |
| 21. Furniture and equipment, including health care delivery assets | | | | |
| (\$ | | | | |
|) | 1,666,394 | 1,666,394 | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | | | | |
| 24. Health care (\$ | 56,348,064 | 24,895,789 | 31,452,275 | 26,148,980 |
| 31,452,275) and other amounts receivable | | | | |
| 25. Aggregate write-ins for other than invested assets | 21,914,083 | 4,285,081 | 17,629,002 | 13,669,560 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and | | | | |
| Protected Cell Accounts (Lines 12 to 25) | 707,282,405 | 31,931,240 | 675,351,165 | 564,008,953 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell | | | | |
| Accounts | | | | |
| 28. Total (Lines 26 and 27) | 707,282,405 | 31,931,240 | 675,351,165 | 564,008,953 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) | | | | |
| 2501. Prepaid expenses/deposits | 353,225 | 353,225 | | |
| 2502. Goodwill and intangible assets | 21,560,858 | 3,931,856 | 17,629,002 | 13,669,560 |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 21,914,083 | 4,285,081 | 17,629,002 | 13,669,560 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Year | | | Prior Year |
|---|--------------|-----------|-------------|-------------|
| | 1 | 2 | 3 | 4 |
| | Covered | Uncovered | Total | Total |
| 1. Claims unpaid (less \$ reinsurance ceded) | 181,610,079 | 254,739 | 181,864,818 | 165,041,019 |
| 2. Accrued medical incentive pool and bonus amounts | 10,555,778 | | 10,555,778 | 13,306,367 |
| 3. Unpaid claims adjustment expenses | 1,495,151 | 2,396 | 1,497,547 | 2,721,322 |
| 4. Aggregate health policy reserves, including the liability of \$ 3,998,353 for medical loss ratio rebate per the Public Health Service Act | 180,058,096 | | 180,058,096 | 111,997,586 |
| 5. Aggregate life policy reserves | | | | |
| 6. Property/casualty unearned premium reserves | | | | |
| 7. Aggregate health claim reserves | | | | |
| 8. Premiums received in advance | 4,953,778 | | 4,953,778 | 1,349,548 |
| 9. General expenses due or accrued | 44,372,370 | | 44,372,370 | 42,057,881 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) | 2,543,912 | | 2,543,912 | |
| 10.2 Net deferred tax liability | | | | |
| 11. Ceded reinsurance premiums payable | | | | 964,302 |
| 12. Amounts withheld or retained for the account of others | | | | |
| 13. Remittances and items not allocated | | | | |
| 14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current) | | | | |
| 15. Amounts due to parent, subsidiaries and affiliates | 6,354,587 | | 6,354,587 | 20,055,059 |
| 16. Derivatives | | | | |
| 17. Payable for securities | | | | |
| 18. Payable for securities lending | | | | |
| 19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers) | | | | |
| 20. Reinsurance in unauthorized and certified (\$) companies | | | | |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 22. Liability for amounts held under uninsured plans | 6,993,482 | | 6,993,482 | 25,085,332 |
| 23. Aggregate write-ins for other liabilities (including \$ 29,891,922 current) | 29,891,922 | | 29,891,922 | 21,353,894 |
| 24. Total liabilities (Lines 1 to 23) | 468,829,155 | 257,135 | 469,086,290 | 403,932,310 |
| 25. Aggregate write-ins for special surplus funds | XXX | XXX | | |
| 26. Common capital stock | XXX | XXX | 159,000 | 159,000 |
| 27. Preferred capital stock | XXX | XXX | | |
| 28. Gross paid in and contributed surplus | XXX | XXX | 82,404,971 | 82,404,971 |
| 29. Surplus notes | XXX | XXX | | |
| 30. Aggregate write-ins for other than special surplus funds | XXX | XXX | | |
| 31. Unassigned funds (surplus) | XXX | XXX | 123,700,904 | 77,512,672 |
| 32. Less treasury stock, at cost: | | | | |
| 32.1 shares common (value included in Line 26 \$) | XXX | XXX | | |
| 32.2 shares preferred (value included in Line 27 \$) | XXX | XXX | | |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32) | XXX | XXX | 206,264,875 | 160,076,643 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 675,351,165 | 564,008,953 |
| DETAILS OF WRITE-INS | | | | |
| 2301. Amounts due to government agencies | 29,817,889 | | 29,817,889 | 21,353,894 |
| 2302. Member premium due | 74,033 | | 74,033 | |
| 2303. | | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | | | | |
| 2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) | 29,891,922 | | 29,891,922 | 21,353,894 |
| 2501. | XXX | XXX | | |
| 2502. | XXX | XXX | | |
| 2503. | XXX | XXX | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | XXX | XXX | | |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | XXX | XXX | | |
| 3001. | XXX | XXX | | |
| 3002. | XXX | XXX | | |
| 3003. | XXX | XXX | | |
| 3098. Summary of remaining write-ins for Line 30 from overflow page | XXX | XXX | | |
| 3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above) | XXX | XXX | | |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|--|----------------|---------------|---------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member Months..... | XXX | 5,018,538 | 4,567,740 |
| 2. Net premium income (including \$ non-health premium income) | XXX | 2,050,055,212 | 1,781,927,455 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | (64,615,964) | (96,917,158) |
| 4. Fee-for-service (net of \$ medical expenses) | XXX | | |
| 5. Risk revenue | XXX | | |
| 6. Aggregate write-ins for other health care related revenues | XXX | | |
| 7. Aggregate write-ins for other non-health revenues | XXX | | |
| 8. Total revenues (Lines 2 to 7) | XXX | 1,985,439,248 | 1,685,010,297 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits | | 1,021,842,417 | 820,456,395 |
| 10. Other professional services | | 40,381,587 | 35,830,590 |
| 11. Outside referrals | 2,583,276 | 62,894,324 | 49,814,578 |
| 12. Emergency room and out-of-area | | 165,901,551 | 140,351,097 |
| 13. Prescription drugs | | 325,606,566 | 207,716,011 |
| 14. Aggregate write-ins for other hospital and medical | | | |
| 15. Incentive pool, withhold adjustments and bonus amounts | | 30,127,369 | 31,706,019 |
| 16. Subtotal (Lines 9 to 15) | 2,583,276 | 1,646,753,814 | 1,285,874,690 |
| Less: | | | |
| 17. Net reinsurance recoveries | | | 787,608 |
| 18. Total hospital and medical (Lines 16 minus 17) | 2,583,276 | 1,646,753,814 | 1,285,087,082 |
| 19. Non-health claims (net) | | | |
| 20. Claims adjustment expenses, including \$46,959,214 cost containment expenses | | 60,223,104 | 54,856,199 |
| 21. General administrative expenses | | 222,367,330 | 258,215,667 |
| 22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only) | | | |
| 23. Total underwriting deductions (Lines 18 through 22) | 2,583,276 | 1,929,344,248 | 1,598,158,948 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | 56,095,000 | 86,851,349 |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17) | | 2,665,152 | 4,787,136 |
| 26. Net realized capital gains (losses) less capital gains tax of \$377,414 | | 1,419,794 | 716,915 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | | 4,084,946 | 5,504,051 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)] | | | |
| 29. Aggregate write-ins for other income or expenses | | (394) | 53 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | XXX | 60,179,552 | 92,355,453 |
| 31. Federal and foreign income taxes incurred | XXX | 12,713,130 | 26,950,463 |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | 47,466,422 | 65,404,990 |
| DETAILS OF WRITE-INS | | | |
| 0601. | XXX | | |
| 0602. | XXX | | |
| 0603. | XXX | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | | |
| 0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) | XXX | | |
| 0701. | XXX | | |
| 0702. | XXX | | |
| 0703. | XXX | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | | |
| 0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) | XXX | | |
| 1401. | | | |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | | |
| 1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) | | | |
| 2901. Fines and penalties | | (394) | 53 |
| 2902. | | | |
| 2903. | | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | | | |
| 2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) | | (394) | 53 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CAPITAL AND SURPLUS ACCOUNT | | |
| 33. Capital and surplus prior reporting year..... | 160,076,643 | 210,252,543 |
| 34. Net income or (loss) from Line 32 | 47,466,422 | 65,404,990 |
| 35. Change in valuation basis of aggregate policy and claim reserves | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 6,685 | 25,148 | (25,148) |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | |
| 38. Change in net deferred income tax | (2,926,319) | 1,363,556 |
| 39. Change in nonadmitted assets | 21,622,981 | (919,298) |
| 40. Change in unauthorized and certified reinsurance | | |
| 41. Change in treasury stock | | |
| 42. Change in surplus notes | | |
| 43. Cumulative effect of changes in accounting principles..... | | |
| 44. Capital Changes: | | |
| 44.1 Paid in | | |
| 44.2 Transferred from surplus (Stock Dividend)..... | | |
| 44.3 Transferred to surplus..... | | |
| 45. Surplus adjustments: | | |
| 45.1 Paid in | | |
| 45.2 Transferred to capital (Stock Dividend) | | |
| 45.3 Transferred from capital | | |
| 46. Dividends to stockholders | (20,000,000) | (116,000,000) |
| 47. Aggregate write-ins for gains or (losses) in surplus | | |
| 48. Net change in capital and surplus (Lines 34 to 47) | 46,188,232 | (50,175,900) |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 206,264,875 | 160,076,643 |
| DETAILS OF WRITE-INS | | |
| 4701. | | |
| 4702. | | |
| 4703. | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | | |
| 4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above) | | |

CASH FLOW

| | 1 | 2 |
|---|---------------|---------------|
| | Current Year | Prior Year |
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance | 2,051,052,631 | 1,793,457,475 |
| 2. Net investment income | 3,470,036 | 5,796,380 |
| 3. Miscellaneous income | | |
| 4. Total (Lines 1 through 3) | 2,054,522,667 | 1,799,253,855 |
| 5. Benefit and loss related payments | 1,632,092,904 | 1,286,082,797 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 293,332,565 | 300,352,397 |
| 8. Dividends paid to policyholders | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$377,414 tax on capital gains (losses) | (10,380,000) | 46,630,000 |
| 10. Total (Lines 5 through 9) | 1,915,045,469 | 1,633,065,194 |
| 11. Net cash from operations (Line 4 minus Line 10) | 139,477,198 | 166,188,661 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 102,269,888 | 49,013,663 |
| 12.2 Stocks | | |
| 12.3 Mortgage loans | | |
| 12.4 Real estate | | |
| 12.5 Other invested assets | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | 23 |
| 12.7 Miscellaneous proceeds | | |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 102,269,888 | 49,013,686 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 52,201,799 | 63,448,580 |
| 13.2 Stocks | | |
| 13.3 Mortgage loans | | |
| 13.4 Real estate | | |
| 13.5 Other invested assets | | |
| 13.6 Miscellaneous applications | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 52,201,799 | 63,448,580 |
| 14. Net increase (decrease) in contract loans and premium notes | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | 50,068,089 | (14,434,894) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | | |
| 16.2 Capital and paid in surplus, less treasury stock | | |
| 16.3 Borrowed funds | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | |
| 16.5 Dividends to stockholders | 20,000,000 | 116,000,000 |
| 16.6 Other cash provided (applied) | (13,754,697) | 13,335,545 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | (33,754,697) | (102,664,455) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 155,790,590 | 49,089,312 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 238,034,912 | 188,945,600 |
| 19.2 End of year (Line 18 plus Line 19.1) | 393,825,502 | 238,034,912 |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

| | | |
|--|--|--|
| | | |
|--|--|--|

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Molina Healthcare of Michigan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---------------|---------------------------------------|------------------------|----------------|----------------|---|----------------------------|--------------------------|--------------|---------------------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Net premium income | 2,050,055,212 | 57,540,240 | | | | | 537,117,334 | 1,455,397,638 | | |
| 2. Change in unearned premium reserves and reserve for rate credit | (64,615,964) | (1,142,867) | | | | | (5,831,659) | (57,641,438) | | |
| 3. Fee-for-service (net of \$ medical expenses) | | | | | | | | | | XXX |
| 4. Risk revenue | | | | | | | | | | XXX |
| 5. Aggregate write-ins for other health care related revenues | | | | | | | | | | XXX |
| 6. Aggregate write-ins for other non-health care related revenues | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 7. Total revenues (Lines 1 to 6) | 1,985,439,248 | 56,397,373 | | | | | 531,285,675 | 1,397,756,200 | | |
| 8. Hospital/medical benefits | 1,021,842,417 | 27,938,245 | | | | | 273,154,148 | 720,750,024 | | XXX |
| 9. Other professional services | 40,381,587 | 112,996 | | | | | 16,061,330 | 24,207,261 | | XXX |
| 10. Outside referrals | 62,894,324 | 2,577,790 | | | | | 17,940,545 | 42,375,989 | | XXX |
| 11. Emergency room and out-of-area | 165,901,551 | 3,720,844 | | | | | 74,532,827 | 87,647,880 | | XXX |
| 12. Prescription drugs | 325,606,566 | 6,581,782 | | | | | 33,998,803 | 285,025,981 | | XXX |
| 13. Aggregate write-ins for other hospital and medical | | | | | | | | | | XXX |
| 14. Incentive pool, withhold adjustments and bonus amounts | 30,127,369 | 149,749 | | | | | 3,173,673 | 26,803,947 | | XXX |
| 15. Subtotal (Lines 8 to 14) | 1,646,753,814 | 41,081,406 | | | | | 418,861,326 | 1,186,811,082 | | XXX |
| 16. Net reinsurance recoveries | | | | | | | | | | XXX |
| 17. Total medical and hospital (Lines 15 minus 16) | 1,646,753,814 | 41,081,406 | | | | | 418,861,326 | 1,186,811,082 | | XXX |
| 18. Non-health claims (net) | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 19. Claims adjustment expenses including \$46,959,214 cost containment expenses | 60,223,104 | 1,556,863 | | | | | 29,363,051 | 29,303,190 | | |
| 20. General administrative expenses | 222,367,330 | 9,775,302 | | | | | 39,941,203 | 172,650,825 | | |
| 21. Increase in reserves for accident and health contracts | | | | | | | | | | XXX |
| 22. Increase in reserves for life contracts | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 23. Total underwriting deductions (Lines 17 to 22) | 1,929,344,248 | 52,413,571 | | | | | 488,165,580 | 1,388,765,097 | | |
| 24. Total underwriting gain or (loss) (Line 7 minus Line 23) | 56,095,000 | 3,983,802 | | | | | 43,120,095 | 8,991,103 | | |
| DETAILS OF WRITE-INS | | | | | | | | | | XXX |
| 0501. | | | | | | | | | | XXX |
| 0502. | | | | | | | | | | XXX |
| 0503. | | | | | | | | | | XXX |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | | | | | | | | | | XXX |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) | | | | | | | | | | XXX |
| 0601. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0602. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0603. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 1301. | | | | | | | | | | XXX |
| 1302. | | | | | | | | | | XXX |
| 1303. | | | | | | | | | | XXX |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | | | | | | | | | | XXX |
| 1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) | | | | | | | | | | XXX |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| | 1 | 2 | 3 | 4 |
|---|-----------------|---------------------|-------------------|--------------------------------------|
| Line of Business | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Cols. 1 + 2 - 3) |
| 1. Comprehensive (hospital and medical) | 57,634,606 | | 94,366 | 57,540,240 |
| 2. Medicare Supplement | | | | |
| 3. Dental only | | | | |
| 4. Vision only | | | | |
| 5. Federal Employees Health Benefits Plan | | | | |
| 6. Title XVIII - Medicare | 537,143,092 | | 25,758 | 537,117,334 |
| 7. Title XIX - Medicaid | 1,456,639,411 | | 1,241,773 | 1,455,397,638 |
| 8. Other health | | | | |
| 9. Health subtotal (Lines 1 through 8) | 2,051,417,109 | | 1,361,897 | 2,050,055,212 |
| 10. Life | | | | |
| 11. Property/casualty | | | | |
| 12. Totals (Lines 9 to 11) | 2,051,417,109 | | 1,361,897 | 2,050,055,212 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------------|---------------------------------------|------------------------|-------------|-------------|---|----------------------------|--------------------------|--------------|---------------------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct | 1,599,280,519 | 38,586,248 | | | | | 412,071,354 | 1,148,622,917 | | |
| 1.2 Reinsurance assumed | | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | | |
| 1.4 Net | 1,599,280,519 | 38,586,248 | | | | | 412,071,354 | 1,148,622,917 | | |
| 2. Paid medical incentive pools and bonuses | 32,877,958 | 939,273 | | | | | 7,377,532 | 24,561,153 | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct | 181,864,818 | 6,531,125 | | | | | 60,131,357 | 115,202,336 | | |
| 3.2 Reinsurance assumed | | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | | |
| 3.4 Net | 181,864,818 | 6,531,125 | | | | | 60,131,357 | 115,202,336 | | |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct | | | | | | | | | | |
| 4.2 Reinsurance assumed | | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | | |
| 4.4 Net | | | | | | | | | | |
| 5. Accrued medical incentive pools and bonuses, current year | 10,555,778 | (489,398) | | | | | (2,185,485) | 13,230,661 | | |
| 6. Net healthcare receivables (a) | (522,127) | 1,133,613 | | | | | (4,486,938) | 2,831,198 | | |
| 7. Amounts recoverable from reinsurers December 31, current year | 1,454 | | | | | | | 1,454 | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct | 165,041,019 | 3,052,103 | | | | | 61,001,996 | 100,986,920 | | |
| 8.2 Reinsurance assumed | | | | | | | | | | |
| 8.3 Reinsurance ceded | | | | | | | | | | |
| 8.4 Net | 165,041,019 | 3,052,103 | | | | | 61,001,996 | 100,986,920 | | |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct | | | | | | | | | | |
| 9.2 Reinsurance assumed | | | | | | | | | | |
| 9.3 Reinsurance ceded | | | | | | | | | | |
| 9.4 Net | | | | | | | | | | |
| 10. Accrued medical incentive pools and bonuses, prior year | 13,306,367 | 300,126 | | | | | 2,018,379 | 10,987,862 | | |
| 11. Amounts recoverable from reinsurers December 31, prior year | 1,454 | | | | | | | 1,454 | | |
| 12. Incurred Benefits: | | | | | | | | | | |
| 12.1 Direct | 1,616,626,445 | 40,931,657 | | | | | 415,687,653 | 1,160,007,135 | | |
| 12.2 Reinsurance assumed | | | | | | | | | | |
| 12.3 Reinsurance ceded | | | | | | | | | | |
| 12.4 Net | 1,616,626,445 | 40,931,657 | | | | | 415,687,653 | 1,160,007,135 | | |
| 13. Incurred medical incentive pools and bonuses | 30,127,369 | 149,749 | | | | | 3,173,668 | 26,803,952 | | |

(a) Excludes \$ 422,761 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-------------|---------------------------------------|------------------------|-------------|-------------|---|----------------------------|--------------------------|--------------|---------------------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in Process of Adjustment: | | | | | | | | | | |
| 1.1 Direct | 22,652,787 | 503,222 | | | | | 9,039,983 | 13,109,582 | | |
| 1.2 Reinsurance assumed | | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | | |
| 1.4 Net | 22,652,787 | 503,222 | | | | | 9,039,983 | 13,109,582 | | |
| 2. Incurred but Unreported: | | | | | | | | | | |
| 2.1 Direct | 159,212,031 | 6,027,903 | | | | | 51,091,374 | 102,092,754 | | |
| 2.2 Reinsurance assumed | | | | | | | | | | |
| 2.3 Reinsurance ceded | | | | | | | | | | |
| 2.4 Net | 159,212,031 | 6,027,903 | | | | | 51,091,374 | 102,092,754 | | |
| 3. Amounts Withheld from Paid Claims and Capitations: | | | | | | | | | | |
| 3.1 Direct | | | | | | | | | | |
| 3.2 Reinsurance assumed | | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | | |
| 3.4 Net | | | | | | | | | | |
| 4. TOTALS: | | | | | | | | | | |
| 4.1 Direct | 181,864,818 | 6,531,125 | | | | | 60,131,357 | 115,202,336 | | |
| 4.2 Reinsurance assumed | | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | | |
| 4.4 Net | 181,864,818 | 6,531,125 | | | | | 60,131,357 | 115,202,336 | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 | 6 |
|---|---|---------------------------------------|--|---------------------------------------|--|---|
| | 1 | 2 | 3 | 4 | | |
| | On Claims Incurred Prior to January 1 of Current Year | On Claims Incurred During the Year | On Claims Unpaid December 31 of Prior Year | On Claims Incurred During the Year | Claims Incurred In Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
| 1. Comprehensive (hospital and medical) | (640,418) | 39,226,666 | 1,172,044 | 5,359,082 | 531,626 | 3,052,103 |
| 2. Medicare Supplement | | | | | | |
| 3. Dental Only | | | | | | |
| 4. Vision Only | | | | | | |
| 5. Federal Employees Health Benefits Plan | | | | | | |
| 6. Title XVIII - Medicare | 14,066,578 | 398,004,776 | 8,406,831 | 51,724,524 | 22,473,409 | 61,001,996 |
| 7. Title XIX - Medicaid | 74,636,321 | 1,073,986,596 | 1,581,361 | 113,620,975 | 76,217,682 | 100,986,920 |
| 8. Other health | | | | | | |
| 9. Health subtotal (Lines 1 to 8) | 88,062,481 | 1,511,218,038 | 11,160,236 | 170,704,581 | 99,222,717 | 165,041,019 |
| 10. Healthcare receivables (a) | 3,290,414 | 50,183,170 | | 2,451,719 | 3,290,414 | 56,447,430 |
| 11. Other non-health | | | | | | |
| 12. Medical incentive pools and bonus amounts | 7,703,893 | 25,174,065 | (659,061) | 11,214,839 | 7,044,832 | 13,306,367 |
| 13. Totals (Lines 9 - 10 + 11 + 12) | 92,475,960 | 1,486,208,933 | 10,501,175 | 179,467,701 | 102,977,135 | 121,899,956 |

(a) Excludes \$422,761 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

| Year in Which Losses Were Incurred | | | | | | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-------|-------|-------|-------|-------|-----------------------------|-------------|-------------|-------------|-------------|
| | | | | | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | ..... | ..... | ..... | ..... | .....998 |998 |998 |998 |998 |
| 2. | 2017 | ..... | ..... | ..... | ..... | .....33,653 |37,681 |37,681 |37,681 |37,681 |
| 3. | 2018 | ..... | ..... | ..... | ..... | .....XXX |25,208 |27,611 |27,611 |27,611 |
| 4. | 2019 | ..... | ..... | ..... | ..... | .....XXX |XXX |17,797 |18,535 |18,535 |
| 5. | 2020 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |25,049 |24,629 |
| 6. | 2021 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |XXX |39,946 |

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

| Year in Which Losses Were Incurred | | | | | | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|-------|-------|-------|-------|-------|--|-------------|-------------|-------------|-------------|
| | | | | | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | ..... | ..... | ..... | ..... | .....1,008 |1,008 |1,008 |1,008 |1,008 |
| 2. | 2017 | ..... | ..... | ..... | ..... | .....38,025 |37,865 |37,865 |37,865 |37,865 |
| 3. | 2018 | ..... | ..... | ..... | ..... | .....XXX |28,784 |27,654 |27,654 |27,654 |
| 4. | 2019 | ..... | ..... | ..... | ..... | .....XXX |XXX |19,510 |18,550 |18,550 |
| 5. | 2020 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |28,386 |25,781 |
| 6. | 2021 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |XXX |44,836 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

| Years in which Premiums were Earned and Claims were Incurred | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------|-----------------|----------------|--------------------------------------|-----------------------|---|-----------------------|---------------|---|---|-----------------------|
| | | Premiums Earned | Claims Payment | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | (Col. 9/1) Percent |
| 1. | 2017 |50,928 |37,681 |1,241 |3.3 |38,922 |76.4 | ..... | ..... | .....38,922 |76.4 |
| 2. | 2018 |51,563 |27,611 |1,660 |6.0 |29,271 |56.8 | ..... | ..... | .....29,271 |56.8 |
| 3. | 2019 |35,952 |18,535 |1,369 |7.4 |19,904 |55.4 | ..... | ..... | .....19,904 |55.4 |
| 4. | 2020 |41,464 |24,629 |1,501 |6.1 |26,130 |63.0 |1,152 |11 |27,293 |65.8 |
| 5. | 2021 |56,492 |39,946 |1,557 |3.9 |41,503 |73.5 |4,890 |45 |46,438 |82.2 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII

| Year in Which Losses Were Incurred | | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-------------|-----------------------------|-----------|-----------|-----------|-----------|
| | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | 26,786 | 26,786 | 26,786 | 26,786 | 26,786 |
| 2. | 2017 | 282,853 | 310,214 | 310,214 | 310,214 | 310,214 |
| 3. | 2018 | XXX | 245,986 | 285,097 | 285,097 | 285,097 |
| 4. | 2019 | XXX | XXX | 255,796 | 281,447 | 281,447 |
| 5. | 2020 | XXX | XXX | XXX | 343,925 | 359,720 |
| 6. | 2021 | XXX | XXX | XXX | XXX | 403,654 |

Section B - Incurred Health Claims - Title XVIII

| Year in Which Losses Were Incurred | | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|-------------|--|-----------|-----------|-----------|-----------|
| | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | 27,375 | 27,375 | 27,375 | 27,375 | 27,375 |
| 2. | 2017 | 339,718 | 310,609 | 310,609 | 310,609 | 310,609 |
| 3. | 2018 | XXX | 294,343 | 285,281 | 285,281 | 285,281 |
| 4. | 2019 | XXX | XXX | 296,851 | 281,813 | 281,813 |
| 5. | 2020 | XXX | XXX | XXX | 406,385 | 368,036 |
| 6. | 2021 | XXX | XXX | XXX | XXX | 453,090 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

| Years in which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payment | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
|--|--------------------------|-------------------------|---|--------------------------------|--|--------------------------------|------------------------|--|--|---------------------------------|
| 1. 2017 | 371,594 | 310,214 | 24,299 | 7.8 | 334,513 | 90.0 | | | 334,513 | 90.0 |
| 2. 2018 | 362,413 | 285,097 | 24,093 | 8.5 | 309,190 | 85.3 | | | 309,190 | 85.3 |
| 3. 2019 | 396,732 | 281,447 | 12,738 | 4.5 | 294,185 | 74.2 | | | 294,185 | 74.2 |
| 4. 2020 | 428,888 | 359,720 | 13,745 | 3.8 | 373,465 | 87.1 | 8,316 | (8) | 381,773 | 89.0 |
| 5. 2021 | 531,311 | 403,654 | 29,363 | 7.3 | 433,017 | 81.5 | 49,436 | 414 | 482,867 | 90.9 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XIX

| Year in Which Losses Were Incurred | | | | | | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-------|-------|-------|-------|-------|-----------------------------|----------------|----------------|----------------|----------------|
| | | | | | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | ..... | ..... | ..... | ..... | .....174,080 |174,080 |174,080 |174,080 |174,080 |
| 2. | 2017 | ..... | ..... | ..... | ..... | .....1,204,875 |1,312,781 |1,312,781 |1,312,781 |1,312,781 |
| 3. | 2018 | ..... | ..... | ..... | ..... | .....XXX |994,633 |1,118,694 |1,118,694 |1,118,694 |
| 4. | 2019 | ..... | ..... | ..... | ..... | .....XXX |XXX |849,037 |925,944 |925,944 |
| 5. | 2020 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |785,654 |866,045 |
| 6. | 2021 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |XXX |1,092,793 |

Section B - Incurred Health Claims - Title XIX

| Year in Which Losses Were Incurred | | | | | | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|-------|-------|-------|-------|-------|--|----------------|----------------|----------------|----------------|
| | | | | | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | ..... | ..... | ..... | ..... | .....196,435 |196,435 |196,435 |196,435 |196,435 |
| 2. | 2017 | ..... | ..... | ..... | ..... | .....1,334,194 |1,328,429 |1,328,429 |1,328,429 |1,328,429 |
| 3. | 2018 | ..... | ..... | ..... | ..... | .....XXX |1,107,370 |1,122,208 |1,122,208 |1,122,208 |
| 4. | 2019 | ..... | ..... | ..... | ..... | .....XXX |XXX |963,801 |932,327 |932,327 |
| 5. | 2020 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |891,439 |867,078 |
| 6. | 2021 | ..... | ..... | ..... | ..... | .....XXX |XXX |XXX |XXX |1,220,387 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

| Years in which Premiums were Earned and Claims were Incurred | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|------|-----------------|----------------|--------------------------------------|-----------------------|---|-----------------------|---------------|---|---|-----------------------|
| | | Premiums Earned | Claims Payment | Claim Adjustment Expense Payments | (Col. 3/2) Percent | Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | (Col. 5/1) Percent | Claims Unpaid | Unpaid Claims Adjustment Expenses | Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | (Col. 9/1) Percent |
| 1. | 2017 |1,527,424 |1,312,781 |27,869 |2.1 |1,340,650 |87.8 | ..... | ..... | .....1,340,650 |87.8 |
| 2. | 2018 |1,376,340 |1,118,694 |27,589 |2.5 |1,146,283 |83.3 | ..... | ..... | .....1,146,283 |83.3 |
| 3. | 2019 |1,262,037 |925,944 |43,120 |4.7 |969,064 |76.8 | ..... | ..... | .....969,064 |76.8 |
| 4. | 2020 |1,215,598 |866,045 |39,611 |4.6 |905,656 |74.5 |1,033 |16 |906,705 |74.6 |
| 5. | 2021 |1,398,998 |1,092,793 |29,303 |2.7 |1,122,096 |80.2 |127,594 |1,019 |1,250,709 |89.4 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

| Year in Which Losses Were Incurred | | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-------------|-----------------------------|-----------|-----------|-----------|-----------|
| | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | 201,864 | 201,864 | 201,864 | 201,864 | 201,864 |
| 2. | 2017 | 1,521,381 | 1,660,676 | 1,660,676 | 1,660,676 | 1,660,676 |
| 3. | 2018 | XXX | 1,265,827 | 1,431,402 | 1,431,402 | 1,431,402 |
| 4. | 2019 | XXX | XXX | 1,122,630 | 1,225,926 | 1,225,926 |
| 5. | 2020 | XXX | XXX | XXX | 1,154,628 | 1,250,394 |
| 6. | 2021 | XXX | XXX | XXX | XXX | 1,536,393 |

Section B - Incurred Health Claims - Grand Total

| Year in Which Losses Were Incurred | | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|-------------|--|-----------|-----------|-----------|-----------|
| | | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. | Prior | 224,818 | 224,818 | 224,818 | 224,818 | 224,818 |
| 2. | 2017 | 1,711,937 | 1,676,903 | 1,676,903 | 1,676,903 | 1,676,903 |
| 3. | 2018 | XXX | 1,430,497 | 1,435,143 | 1,435,143 | 1,435,143 |
| 4. | 2019 | XXX | XXX | 1,280,162 | 1,232,690 | 1,232,690 |
| 5. | 2020 | XXX | XXX | XXX | 1,326,210 | 1,260,895 |
| 6. | 2021 | XXX | XXX | XXX | XXX | 1,718,313 |

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

| Years in which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payment | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
|--|--------------------------|-------------------------|---|--------------------------------|--|--------------------------------|------------------------|--|--|---------------------------------|
| 1. 2017 | 1,949,946 | 1,660,676 | 53,409 | 3.2 | 1,714,085 | 87.9 | | | 1,714,085 | 87.9 |
| 2. 2018 | 1,790,316 | 1,431,402 | 53,342 | 3.7 | 1,484,744 | 82.9 | | | 1,484,744 | 82.9 |
| 3. 2019 | 1,694,721 | 1,225,926 | 57,227 | 4.7 | 1,283,153 | 75.7 | | | 1,283,153 | 75.7 |
| 4. 2020 | 1,685,950 | 1,250,394 | 54,857 | 4.4 | 1,305,251 | 77.4 | 10,501 | 19 | 1,315,771 | 78.0 |
| 5. 2021 | 1,986,801 | 1,536,393 | 60,223 | 3.9 | 1,596,616 | 80.4 | 181,920 | 1,478 | 1,780,014 | 89.6 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|-------------|---------------------------------------|------------------------|-------------|-------------|---|----------------------------|--------------------------|-------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Unearned premium reserves | | | | | | | | | |
| 2. Additional policy reserves (a) | | | | | | | | | |
| 3. Reserve for future contingent benefits | | | | | | | | | |
| 4. Reserve for rate credits or experience rating refunds (including \$) for investment income | 163,932,832 | 3,998,353 | | | | | 7,817,334 | 152,117,145 | |
| 5. Aggregate write-ins for other policy reserves | 16,125,264 | 5,202,437 | | | | | 10,922,827 | | |
| 6. Totals (gross) | 180,058,096 | 9,200,790 | | | | | 18,740,161 | 152,117,145 | |
| 7. Reinsurance ceded | | | | | | | | | |
| 8. Totals (Net)(Page 3, Line 4) | 180,058,096 | 9,200,790 | | | | | 18,740,161 | 152,117,145 | |
| 9. Present value of amounts not yet due on claims | | | | | | | | | |
| 10. Reserve for future contingent benefits | | | | | | | | | |
| 11. Aggregate write-ins for other claim reserves | | | | | | | | | |
| 12. Totals (gross) | | | | | | | | | |
| 13. Reinsurance ceded | | | | | | | | | |
| 14. Totals (Net)(Page 3, Line 7) | | | | | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0501. Risk adjustment liabilities | 16,125,264 | 5,202,437 | | | | | 10,922,827 | | |
| 0502. | | | | | | | | | |
| 0503. | | | | | | | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page..... | | | | | | | | | |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) | 16,125,264 | 5,202,437 | | | | | 10,922,827 | | |
| 1101. | | | | | | | | | |
| 1102. | | | | | | | | | |
| 1103. | | | | | | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | | | | | | |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above) | | | | | | | | | |

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

| | Claim Adjustment Expenses | | 3 General Administrative Expenses | 4 Investment Expenses | 5 Total |
|---|--------------------------------------|--|--|-----------------------------|-----------------|
| | 1 Cost Containment Expenses | 2 Other Claim Adjustment Expenses | | | |
| 1. Rent (\$ for occupancy of own building) | 24 | | 3,677,191 | | 3,677,215 |
| 2. Salary, wages and other benefits | 32,265,265 | 3,130,042 | 56,219,584 | | 91,614,891 |
| 3. Commissions (less \$ ceded plus \$ assumed) | | | 2,939,603 | | 2,939,603 |
| 4. Legal fees and expenses | | | 1,735,041 | | 1,735,041 |
| 5. Certifications and accreditation fees | 67,798 | | | | 67,798 |
| 6. Auditing, actuarial and other consulting services | 985,090 | 2,986,564 | 10,359,007 | | 14,330,661 |
| 7. Traveling expenses | 59,164 | 1,326 | 255,369 | | 315,859 |
| 8. Marketing and advertising | 552,934 | | 4,400,950 | | 4,953,884 |
| 9. Postage, express and telephone | 131,776 | 13,197 | 3,365,442 | | 3,510,415 |
| 10. Printing and office supplies | 193,075 | 11,583 | 3,230,051 | | 3,434,709 |
| 11. Occupancy, depreciation and amortization | | | 10,811,019 | | 10,811,019 |
| 12. Equipment | 1,106 | 509 | 221,965 | | 223,580 |
| 13. Cost or depreciation of EDP equipment and software | 551,061 | 1,043 | 15,141,721 | | 15,693,825 |
| 14. Outsourced services including EDP, claims, and other services | 9,426,506 | 6,876,795 | 15,347,711 | | 31,651,012 |
| 15. Boards, bureaus and association fees | 7,026 | 673 | 234,882 | | 242,581 |
| 16. Insurance, except on real estate | 169,632 | | 887,331 | | 1,056,963 |
| 17. Collection and bank service charges | | | 294,967 | 54,047 | 349,014 |
| 18. Group service and administration fees | | | | | |
| 19. Reimbursements by uninsured plans | | | | | |
| 20. Reimbursements from fiscal intermediaries | | | | | |
| 21. Real estate expenses | | | 333,434 | | 333,434 |
| 22. Real estate taxes | | | 2,639 | | 2,639 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes | | | 4,338,715 | | 4,338,715 |
| 23.2 State premium taxes | | | | | |
| 23.3 Regulatory authority licenses and fees | 29,610 | | 73,428,846 | | 73,458,456 |
| 23.4 Payroll taxes | 2,512,337 | 242,158 | 3,727,042 | | 6,481,537 |
| 23.5 Other (excluding federal income and real estate taxes) | | | 391,475 | | 391,475 |
| 24. Investment expenses not included elsewhere | | | | 113,769 | 113,769 |
| 25. Aggregate write-ins for expenses | 6,810 | | 11,023,345 | | 11,030,155 |
| 26. Total expenses incurred (Lines 1 to 25) | 46,959,214 | 13,263,890 | 222,367,330 | 167,816 | (a) 282,758,250 |
| 27. Less expenses unpaid December 31, current year .. | 1,153,111 | 344,436 | 44,372,370 | | 45,869,917 |
| 28. Add expenses unpaid December 31, prior year | 2,177,058 | 544,264 | 42,057,881 | | 44,779,203 |
| 29. Amounts receivable relating to uninsured plans, prior year | | | | | |
| 30. Amounts receivable relating to uninsured plans, current year | | | | | |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) | 47,983,161 | 13,463,718 | 220,052,841 | 167,816 | 281,667,536 |
| DETAILS OF WRITE-INS | | | | | |
| 2501. Charitable contributions | | | 3,500 | | 3,500 |
| 2502. Borrowing costs | | | 10,637,692 | | 10,637,692 |
| 2503. Other administrative expenses | 6,810 | | 382,153 | | 388,963 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | | |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 6,810 | | 11,023,345 | | 11,030,155 |

(a) Includes management fees of \$149,925,280 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 | 2 |
|----------------------|---|-----------------------|--------------------|
| | | Collected During Year | Earned During Year |
| 1. | U.S. government bonds | (a) ..... | ..... |
| 1.1 | Bonds exempt from U.S. tax | (a) ..... | ..... |
| 1.2 | Other bonds (unaffiliated) | (a) .....2,928,875 |2,611,082 |
| 1.3 | Bonds of affiliates | (a) ..... | ..... |
| 2.1 | Preferred stocks (unaffiliated) | (b) ..... | ..... |
| 2.11 | Preferred stocks of affiliates | (b) ..... | ..... |
| 2.2 | Common stocks (unaffiliated) ..... | ..... | ..... |
| 2.21 | Common stocks of affiliates ..... | ..... | ..... |
| 3. | Mortgage loans | (c) ..... | ..... |
| 4. | Real estate | (d) ..... | ..... |
| 5 | Contract Loans ..... | ..... | ..... |
| 6 | Cash, cash equivalents and short-term investments | (e) .....218,921 |221,886 |
| 7 | Derivative instruments | (f) ..... | ..... |
| 8. | Other invested assets ..... | ..... | ..... |
| 9. | Aggregate write-ins for investment income ..... | ..... | ..... |
| 10. | Total gross investment income | 3,147,796 | 2,832,968 |
| 11. | Investment expenses ..... | ..... | (g) .....167,816 |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes ..... | ..... | (g) |
| 13. | Interest expense ..... | ..... | (h) |
| 14. | Depreciation on real estate and other invested assets ..... | ..... | (i) |
| 15. | Aggregate write-ins for deductions from investment income ..... | ..... | ..... |
| 16. | Total deductions (Lines 11 through 15) ..... | ..... | .....167,816 |
| 17. | Net investment income (Line 10 minus Line 16) ..... | ..... | 2,665,152 |
| DETAILS OF WRITE-INS | | | |
| 0901. | ..... | ..... | ..... |
| 0902. | ..... | ..... | ..... |
| 0903. | ..... | ..... | ..... |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page ..... | ..... | ..... |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) ..... | ..... | ..... |
| 1501. | ..... | ..... | ..... |
| 1502. | ..... | ..... | ..... |
| 1503. | ..... | ..... | ..... |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page ..... | ..... | ..... |
| 1599. | Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above) ..... | ..... | ..... |

(a) Includes \$21,823 accrual of discount less \$511,882 amortization of premium and less \$94,189 paid for accrued interest on purchases.

(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.

(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.

(e) Includes \$153,416 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.

(g) Includes \$.167,816 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes \$ interest on surplus notes and \$ interest on capital notes.

(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1 | 2 | 3 | 4 | 5 |
|----------------------|---|--|-------------------------------|--|--|---|
| | | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Columns 1 + 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. | U.S. Government bonds ..... | ..... | ..... | ..... | ..... | ..... |
| 1.1 | Bonds exempt from U.S. tax ..... | ..... | ..... | ..... | ..... | ..... |
| 1.2 | Other bonds (unaffiliated) |1,797,208 | ..... | .....1,797,208 |31,833 | ..... |
| 1.3 | Bonds of affiliates ..... | ..... | ..... | ..... | ..... | ..... |
| 2.1 | Preferred stocks (unaffiliated) ..... | ..... | ..... | ..... | ..... | ..... |
| 2.11 | Preferred stocks of affiliates ..... | ..... | ..... | ..... | ..... | ..... |
| 2.2 | Common stocks (unaffiliated) ..... | ..... | ..... | ..... | ..... | ..... |
| 2.21 | Common stocks of affiliates ..... | ..... | ..... | ..... | ..... | ..... |
| 3. | Mortgage loans ..... | ..... | ..... | ..... | ..... | ..... |
| 4. | Real estate ..... | ..... | ..... | ..... | ..... | ..... |
| 5. | Contract loans ..... | ..... | ..... | ..... | ..... | ..... |
| 6. | Cash, cash equivalents and short-term investments ..... | ..... | ..... | ..... | ..... | ..... |
| 7. | Derivative instruments ..... | ..... | ..... | ..... | ..... | ..... |
| 8. | Other invested assets ..... | ..... | ..... | ..... | ..... | ..... |
| 9. | Aggregate write-ins for capital gains (losses) ..... | ..... | ..... | ..... | ..... | ..... |
| 10. | Total capital gains (losses) | 1,797,208 | ..... | 1,797,208 | 31,833 | ..... |
| DETAILS OF WRITE-INS |  | ..... | ..... | ..... | ..... | ..... |
| 0901. | ..... | ..... | ..... | ..... | ..... | ..... |
| 0902. | ..... | ..... | ..... | ..... | ..... | ..... |
| 0903. | ..... | ..... | ..... | ..... | ..... | ..... |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page ..... | ..... | ..... | ..... | ..... | ..... |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) ..... | ..... | ..... | ..... | ..... | ..... |

EXHIBIT OF NON-ADMITTED ASSETS

| | 1 | 2 | 3 |
|---|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) | | | |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | | | |
| 2.2 Common stocks | | | |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | | | |
| 3.2 Other than first liens | | | |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | | | |
| 4.2 Properties held for the production of income | | | |
| 4.3 Properties held for sale | | | |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) | | | |
| 6. Contract loans | | | |
| 7. Derivatives (Schedule DB) | | | |
| 8. Other invested assets (Schedule BA) | | | |
| 9. Receivables for securities | | | |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | |
| 11. Aggregate write-ins for invested assets | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | | | |
| 13. Title plants (for Title insurers only) | | | |
| 14. Investment income due and accrued | | | |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | | | |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | | | |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | | | |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | | | |
| 16.2 Funds held by or deposited with reinsured companies | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | |
| 17. Amounts receivable relating to uninsured plans | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | |
| 18.2 Net deferred tax asset | 1,073,913 | 6,641,284 | 5,567,371 |
| 19. Guaranty funds receivable or on deposit | | | |
| 20. Electronic data processing equipment and software | 10,063 | 23,746 | 13,683 |
| 21. Furniture and equipment, including health care delivery assets | 1,666,394 | 2,282,128 | 615,734 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | |
| 23. Receivable from parent, subsidiaries and affiliates | | | |
| 24. Health care and other amounts receivable | 24,895,789 | 30,786,784 | 5,890,995 |
| 25. Aggregate write-ins for other than invested assets | 4,285,081 | 13,820,279 | 9,535,198 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 31,931,240 | 53,554,221 | 21,622,981 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 28. Total (Lines 26 and 27) | 31,931,240 | 53,554,221 | 21,622,981 |
| DETAILS OF WRITE-INS | | | |
| 1101. | | | |
| 1102. | | | |
| 1103. | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) | | | |
| 2501. Prepaid expenses/deposits | 353,225 | 298,999 | (54,226) |
| 2502. Goodwill and intangible assets | 3,931,856 | 13,521,280 | 9,589,424 |
| 2503. | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 4,285,081 | 13,820,279 | 9,535,198 |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment | Total Members at End of | | | | | 6 Current Year Member Months |
|--|-------------------------|--------------------|---------------------|--------------------|-------------------|------------------------------------|
| | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | |
| 1. Health Maintenance Organizations | 399,622 | 409,637 | 416,753 | 424,970 | 428,377 | 5,018,538 |
| 2. Provider Service Organizations | | | | | | |
| 3. Preferred Provider Organizations | | | | | | |
| 4. Point of Service | | | | | | |
| 5. Indemnity Only | | | | | | |
| 6. Aggregate write-ins for other lines of business | | | | | | |
| 7. Total | 399,622 | 409,637 | 416,753 | 424,970 | 428,377 | 5,018,538 |
| DETAILS OF WRITE-INS | | | | | | |
| 0601. | | | | | | |
| 0602. | | | | | | |
| 0603. | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | | | | | | |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) | | | | | | |

NOTES TO FINANCIAL STATEMENTS

NOTE 1 Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

Molina Healthcare of Michigan, Inc. (the Plan) was incorporated under the laws of the state of Michigan on February 12, 1997. The Plan is a wholly owned subsidiary of Molina Healthcare, Inc. (Molina, or the Parent), a multi-state managed care organization that arranges for the delivery of healthcare services to persons eligible for Medicaid, Medicare, the state insurance marketplaces (the Marketplace), and other government-sponsored health care programs for low-income families and individuals.

The Plan is a health maintenance organization (HMO), licensed in the state of Michigan, that provides comprehensive health care services to Medicaid enrollees under contracts with the Michigan Department of Health and Human Services (MDHHS) and Medicare enrollees under its contract with the Centers for Medicare and Medicaid Services (CMS). The Plan participates in the Medicare-Medicaid Plans (MMP), CMS's demonstration programs to integrate Medicare and Medicaid services for dual-eligible individuals. The Plan also serves individuals through the state's Marketplace. In some instances, the Marketplace allows individuals to purchase health insurance that is federally subsidized. Such contracts represent the majority of the Plan's source of premium income for the years ended December 31, 2021 and 2020.

The Plan contracts with independent physician associations, hospitals and other providers to provide medical services to its members. As an HMO, the Plan is at risk for all covered outpatient and inpatient claims incurred by its beneficiaries.

The financial statements of the Plan are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Department of Insurance Services (the Department).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan insurance law. The National Association of Insurance Commissioners' Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

Such prescribed accounting practices have no significant effect on the Plan's statutory basis financial statements for the periods presented.

| | SSAP # | F/S Page | F/S Line # | | 2021 | | 2020 |
|---|--------|-------------|---------------|----|-------------|----|-------------|
| NET INCOME | | | | | | | |
| (1) State basis (Page 4, Line 32, Columns 2 & 3) | XXX | XXX | XXX | \$ | 47,466,422 | \$ | 65,404,990 |
| (2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP: | | | | | | | |
| (3) State Permitted Practices that are an increase/(decrease) from NAIC SAP: | | | | | | | |
| (4) NAIC SAP (1-2-3=4) | XXX | XXX | XXX | \$ | 47,466,422 | \$ | 65,404,990 |
| SURPLUS | | | | | | | |
| (5) State basis (Page 3, Line 33, Columns 3 & 4) | XXX | XXX | XXX | \$ | 206,264,875 | \$ | 160,076,643 |
| (6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP: | | | | | | | |
| (7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: | | | | | | | |
| (8) NAIC SAP (5-6-7=8) | XXX | XXX | XXX | \$ | 206,264,875 | \$ | 160,076,643 |

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

The Plan applies the following accounting policies:

- (1) Basis for Short-Term Investments: Short-term investments consist primarily of U.S. treasury notes and investments in corporate debt securities with maturity dates of greater than three months but less than one year at the time of acquisition. The basis of short-term investments is the same as for bonds as stated in Note 1C(2).
- (2) Basis for Bonds and Amortization Schedule: Bonds include U.S. government and other debt securities with maturity dates of greater than one year at the time of purchase. Bonds not backed by other loans are principally stated at amortized cost using the scientific method. Bonds with NAIC designations of one or two are stated at amortized cost. Bonds with NAIC designations of three or higher are stated at the lower of amortized cost or fair value. Amortization of bond premium or accretion of discount is computed using the scientific (constant-yield) interest method. Realized capital gains and losses are determined using the specific-identification method and were not significant for the years ended December 31, 2021 and 2020. There were no significant unrealized gains or losses on investments, and the Plan recognized no losses from other-than-temporary impairments for the years ended December 31, 2021 and 2020.
- (3) Investments in common stock: None.
- (4) Investments in preferred stock: None.
- (5) Investments in mortgage loans: None.
- (6) Basis for Loan-Backed Securities and Adjustment Methodology:

Loan-backed securities are stated at amortized cost or lower of amortized cost or fair value. The Plan's investments in loan-backed securities consist of asset-backed securities and mortgage-backed securities and auction rate securities. Prepayment assumptions using a prospective approach were obtained from broker-dealer survey values or internal estimates.
- (7) Investments in subsidiaries, controlled and affiliated entities (SCA): None.
- (8) Investments in joint ventures, partnerships and limited liability companies: None.
- (9) Investments in derivatives: None.
- (10) Anticipated Investment Income Used in Premium Deficiency Calculation: The Plan assesses the profitability of its medical care policies to identify groups of contracts where current operating results or forecasts indicate probable future losses. The Plan anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles (SSAP) No. 54, Individual and Group Accident and Health Contracts. If anticipated future variable costs exceed anticipated future premiums and investment income, a premium deficiency reserve is recognized. Refer to Note 30, "Premium Deficiency Reserves" for further information.

NOTES TO FINANCIAL STATEMENTS

- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for Accident & Health Contracts: Claims unpaid are based on actual historical experience and estimates of medical expenses incurred but not paid (IBNP). The Plan employs its own actuaries to estimate IBNP monthly. The estimation of the IBNP liability requires a significant degree of judgment in applying actuarial methods, determining the appropriate assumptions and considering numerous factors. Of those factors, the Plan considers estimated completion factors and the assumed healthcare cost trend to be the most critical assumptions. Other relevant factors also include, but are not limited to, healthcare service utilization trends, claim inventory levels, changes in membership, product mix, seasonality, benefit changes or changes in Medicaid fee schedules, provider contract changes, prior authorizations and the incidence of catastrophic or pandemic cases. Because of the significant degree of judgment involved in estimation of our IBNP liability, there is considerable variability and uncertainty inherent in such estimates. Each reporting period, the recognized IBNP liability represents the Plan's best estimate of the total amount of unpaid claims incurred as of the balance sheet date using a consistent methodology in estimating the IBNP liability. The Plan believes its current estimates are reasonable and adequate; however, the development of our estimate is a continuous process that is monitored and updated as more complete claims payment information and healthcare cost trend data becomes available. Actual hospital and medical expenses may be less than previously estimated (favorable development) or more than previously estimated (unfavorable development), and any differences could be material. Any adjustments to reflect favorable development would be recognized as a decrease to hospital and medical expenses, and any adjustments to reflect unfavorable development would be recognized as an increase to hospital and medical expenses, in the period in which the adjustments are determined. Refer to Note 25, "Change in Incurred Claims and Claim Adjustment Expenses," for further information.
- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period: The Plan has not modified its capitalization policy from the prior period.
- Electronic data processing (EDP) equipment and software, which is non-admitted, is depreciated using the straight-line method over the lesser of its useful life or three years. Depreciation expense related to EDP equipment and operating system software totaled \$13,683 and \$13,089 for the years ended December 31, 2021 and 2020, respectively.
- Furniture and equipment and leasehold improvements, which are non-admitted, are generally depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense related to furniture and equipment and leasehold improvements totaled \$615,734 and \$642,329 for the years ended December 2021 and 2020, respectively.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables: Amounts receivable for pharmaceutical rebates are estimated based upon historical and current utilization of prescription drugs and contract terms. Income from pharmaceutical rebates is reported as a reduction of hospital and medical expenses in the statutory basis statements of revenue and expenses. The Plan admits estimated pharmaceutical rebate receivables relating to the three months immediately preceding the reporting date in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans. Refer to Note 28, "Health Care Receivables" for further information.

The Plan has also deemed the following to be significant accounting policies and/or differences between statutory practices and accounting principles generally accepted in the United States of America (GAAP):

Cash and Invested Assets

Cash and cash equivalents are defined as cash and short-term highly liquid investments that are both readily convertible into known amounts of cash and so near maturity that they represent insignificant risk of changes in value because of changes in interest rates. Cash overdraft balances are recorded as a reduction to cash, whereas under GAAP cash overdraft balances would be classified as liabilities. Only investments with original maturities of three months or less when purchased qualify under this definition with the exception of money market mutual funds registered under the Investment Company Act of 1940 (the Act) and regulated under rule 2a-7 of the Act as described in SSAP 2R, Cash, Cash Equivalents, Drafts and Short-Term Investments. Under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments include cash balances and investments that will mature in one year or less from the balance sheet date.

Investments in bonds are reported at amortized cost or fair value based on their NAIC designation. Under GAAP, investments in bonds are grouped into three separate categories for accounting and reporting purposes: available-for-sale securities, held-to-maturity securities, and trading securities. Available-for-sale securities are recorded at fair value and unrealized gains and losses, if any, are recorded in stockholders' equity as other comprehensive income, net of applicable income taxes. Held-to-maturity securities are recorded at amortized cost, which approximates fair value, and unrealized holding gains or losses are not generally recognized. Realized gains and losses and unrealized losses judged to be other than temporary with respect to available-for-sale and held-to-maturity securities are included in the determination of net income. Trading securities are recorded at fair value, and holding gains and losses are recognized in net income.

Uncollected Premiums

Premiums uncollected at December 31, 2021 and 2020, consist primarily of amounts due from MDHHS and CMS. Uncollected premium balances are stated at net realizable value based on management's judgment of the ultimate collectability of the accounts. Collection trends are monitored and any adjustments required are reflected in current earnings. Uncollected premium balances outstanding greater than 90 days due, with the exception of premiums due from governmental agencies, are non-admitted in accordance with NAIC SAP.

Accrued Retrospective Premiums and Contracts Subject to Redetermination and Aggregate Health Policy Reserves

Accrued retrospective premiums and contracts subject to redetermination, and aggregate health policy reserves relate to amounts recorded under various programs and contractual provisions discussed in Note 24, "Retrospectively Rated Contracts and Contracts Subject to Redetermination".

Net Deferred Tax Assets or Liabilities

The Plan follows the guidance of SSAP No. 101, Income Taxes, for deferred income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their amounts reported on the financial statements, using statutory rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as a change in surplus in the period that includes the enactment date. SSAP No. 101 includes a valuation allowance criterion whereby only gross deferred tax assets that are more likely than not (defined as a likelihood of more than 50%) to be realized are potentially admissible, subject to certain limitations and admissibility tests. Under GAAP, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets not

Goodwill and Intangible Assets

The Plan records admitted goodwill in accordance with SSAP No. 68, Business Combinations and Goodwill. Under SSAP No. 68, goodwill is admitted subject to an aggregate limitation of 10% of adjusted surplus, and excess goodwill is non-admitted. Goodwill is amortized using the straight-line method over a period not to exceed 10 years. Under U.S. GAAP, goodwill is not amortized but is assessed for impairment on an annual basis, or more frequently if circumstances indicate that a possible impairment has occurred. Amortization expense related to admitted and non-admitted goodwill and intangible assets is included in general administrative expenses amounted to \$5,189,015 in 2021 and 2020, respectively. Intangible assets are not admitted. Amortization expense related to non-admitted intangible assets was \$440,967 and \$3,972,750 for years ended December 31, 2021 and 2020, respectively. Refer to Note 3, "Business Combinations and Goodwill" for further information.

Receivables from or Amounts Due to Parents, Subsidiaries and Affiliates

The Plan has various transactions with Molina and the Plan's affiliates. The Plan reports any unsettled amounts due from Molina and affiliates as receivables from parent, subsidiaries and affiliates and unsettled amounts owed to Molina and affiliates as amounts due to parent, subsidiaries and affiliates. Refer to Note 10, "Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties" for further information.

Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans

The Plan reports amounts receivable relating to uninsured plans due from and liability for amounts held under uninsured plans due to CMS.

Under Medicare program, such receivables or payables relate to reinsurance subsidies for Medicare members with high drug costs, and/or premium or cost-sharing subsidies for qualifying low-income Medicare members' prescription drug benefits. The Plan is fully reimbursed by CMS and there is no risk to the Plan.

Under Medicaid program, the receivables or payables relate to Medicaid Pass-throughs. The Plan receives certain amounts from the Medicaid agency, which are fully passed through to designated providers. The Plan therefore serves as a fiscal intermediary between the state and providers and does not assume underwriting risk in such arrangements. The Plan received pass-through payments amounting to \$537,697,701 and \$465,238,094 in 2021 and 2020, respectively, which are not reflected as revenue or expense in the statutory-basis statement of revenue and expenses.

Net Premium Income and Change in Reserve for Rate Credits

NOTES TO FINANCIAL STATEMENTS

Premium revenue is recognized in the month that members are entitled to receive healthcare services. Premiums collected in advance of a coverage period are recorded as premiums received in advance. Premium revenue is generally received based on per-member per-month rates established in advance of the periods covered, except as described below and in Note 24 "Retrospectively Rated Contracts and Contracts Subject to Redetermination".

Medicaid Program

Medical cost floors (medical loss ratio) and corridors: For certain Medicaid premiums, amounts may be returned to MDHHS if certain minimum amounts are not spent on defined medical care costs, or the Plan may receive additional premiums if amounts spent on medical care costs exceed a defined maximum threshold. Additionally, sanctions may be levied by MDHHS if the amounts spent on medical care costs as a percentage of premiums are not within a specified range. These sanctions include the requirements to file a corrective action plan as well as an auto assignment freeze.

Quality incentive premiums: Under the Plan's contract with MDHHS, 1% of Medicaid premiums and 4% of Dual Eligible premiums are withheld and paid to the Plan subject to certain performance bonus measures being met.

Medicare Program

Risk Adjustment: The Plan's Medicare premiums are subject to retroactive increase or decrease based on the health status of its Medicare members (as measured by member risk score). The Plan estimates its members' risk scores and the related amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health status, risk scores and CMS practices.

Minimum MLR: The Affordable Care Act ("ACA") established a minimum annual medical loss ratio ("Minimum MLR") of 85% for Medicare. The medical loss ratio represents medical costs as a percentage of premium revenue. Federal regulations define what constitutes medical costs and premium revenue. If the Minimum MLR is not met, the Plan may be required to pay rebates to the federal government. The Plan recognizes estimated rebates under the Minimum MLR as an adjustment to premium revenue in its statutory basis statements of revenue and expenses.

Marketplace Program

Risk Adjustment: Under this program, The Plan's composite risk scores are compared with the overall average risk score for the state and market pool. Generally, the Plan will make a risk adjustment payment into the pool if their composite risk scores are below the average risk score (risk adjustment payable), and will receive a risk adjustment payment from the pool if their composite risk scores are above the average risk score (risk adjustment receivable). The Plan estimates its ultimate premium based on insurance policy year-to-date experience, and recognize estimated premiums relating to the risk adjustment program as an adjustment to premium revenue in its statutory basis statements of revenue and expenses.

Minimum MLR: The ACA has established a Minimum MLR of 80% for the Marketplace. If the Minimum MLR is not met, the Plan may be required to pay rebates to its Marketplace policyholders. The Marketplace risk adjustment program is taken into consideration when computing the Minimum MLR. The Plan recognizes estimated rebates under the Minimum MLR as an adjustment to premium revenue in its statutory basis statements of revenue and expenses.

Hospital and Medical Expenses

Hospital and medical expenses include primarily fee-for-services expenses: Hospital and medical expenses are recognized in the period in which services are provided and include fee-for-service claims, pharmacy benefits, capitation payments to providers, and various other medically-related costs. Under fee-for-service claims arrangements with providers, the Plan retains the financial responsibility for medical care provided and incurs costs based on actual utilization of hospital and physician services. Such hospital and medical expenses include amounts paid by the Plan as well as estimated medical claims and benefits payable for costs that were IBNP as of the reporting date. Pharmacy benefits represent payments for members' prescription drug costs, net of rebates from drug manufacturers. The Plan estimates pharmacy rebates based on historical and current utilization of prescription drugs and contractual provisions. Capitation payments represent monthly contractual fees paid to providers, who are responsible for providing medical care to members, which could include medical or ancillary costs like dental, vision and other supplemental health benefits. Such capitation costs are fixed in advance of the periods covered and are not subject to significant accounting estimates. Other hospital and medical expenses include all medically-related administrative costs, amounts due to providers pursuant to risk-sharing or other incentive arrangements, provider claims, and other healthcare expenses. Examples of medically-related administrative costs include expenses relating to health education, quality assurance, case management, care coordination, disease management, and 24-hour on-call nurses.

Reinsurance

The Plan has a reinsurance agreement with Odyssey Reinsurance Company, a non-affiliate, which provides coverage of 90% of individual claims above deductibles of \$2,000,000 for Medicaid, Medicare and Marketplace business up to \$2,000,000 per member per year. The reinsurance agreement provides coverage for calendar year 2021. Reinsurance expense is reported as a reduction of net premium income, and amounted to \$1,361,897 and \$939,570 for the years ended December 31, 2021 and 2020, respectively.

Reinsurance contracts do not relieve the Plan from its obligations to subscribers. The Plan remains liable to its subscribers for the portion reinsured to the extent that the reinsurance company does not meet the obligations assumed under the reinsurance contract.

Concentrations

The Plan has cash and invested assets deposited in financial institutions in which the balances exceed the Federal Deposit Insurance Corporation insured limit. The Plan has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk. The Plan's investments and a portion of its cash are managed by professional portfolio managers operating under documented investment guidelines.

Concentration of credit risk with respect to receivables is limited because the Plan's primary payors are MDHHS and CMS.

Risks and Uncertainties

The Plan's sole Medicaid customer is MDHHS. The loss of its contract with MDHHS would have a material adverse effect on the Plan's financial position, results of operations or cash flows. The Plan's ability to arrange for the provision of medical services to its members is dependent upon its ability to develop and maintain adequate provider networks. The inability to develop or maintain such networks could, in certain circumstances, have a material adverse effect on the Plan's financial position, results of operations or cash flows.

The Plan's profitability depends in large part on accurately predicting and effectively managing medical care costs. Management continually reviews the Plan's medical costs as well as its underlying claims experience and revised actuarial data. However, several factors could adversely affect medical care costs. These factors, which include changes in health care practices, inflation, new technologies, major epidemics, natural disasters, and malpractice litigation, are beyond the Plan's control and could adversely affect its ability to accurately predict and effectively control medical care costs. Costs in excess of those anticipated could have a material adverse effect on the Plan's financial condition, results of operations or cash flows.

The Plan is subject to thorough and extensive regulations by multiple state and federal agencies. Its failure to comply with various regulations and requirements could limit the Plan's revenue or increase costs. In certain circumstances, a failure to comply with regulations or the cost incurred in complying with regulations could have a material adverse effect on the Plan's financial position, results of operations or cash flows.

Cash Flow

The statutory basis statements of cash flow reconcile cash, cash equivalents, and short-term investments with maturity dates of one year or less at the time of acquisition; whereas under GAAP, the statements of cash flow reconcile the corresponding captions of cash and cash equivalents with maturities of three months or less. In addition, there are classification differences within the presentation of the cash flow categories between GAAP and statutory reporting.

Minimum Capital and Surplus

The Plan is subject to minimum capital and surplus requirements prescribed by the Michigan Insurance Code Section 500.3551. At December 31, 2021 and 2020, the Plan's capital and surplus was in compliance with such minimum capital and surplus requirements.

The NAIC adopted Risk Based Capital (RBC) standards to measure the minimum amount of capital appropriate for a managed care organization to support its overall business operations. The state of Michigan has passed legislation to adopt RBC. At December 31, 2021 and 2020, the Plan was in compliance with the minimum RBC requirement.

NOTES TO FINANCIAL STATEMENTS

D. Going Concern

The Plan is not aware of any relevant conditions or events that raise substantial doubt about its abilities to continue as a going concern.

NOTE 2 Accounting Changes and Corrections of Errors

There were no accounting changes or corrections of errors during the years ended December 31, 2021 and 2020, respectively.

NOTE 3 Business Combinations and Goodwill

A. Statutory Purchase Method

On September 1, 2015, the Plan closed on its acquisition of the Medicaid and MICHild contracts, and certain provider agreements, of HealthPlus of Michigan and its subsidiary, HealthPlus Partners, Inc.

On January 1, 2016, the Plan closed on its acquisition of the Medicaid and MICHild membership, and certain Medicaid and MICHild assets, of HAP Midwest Health Plan, Inc. The Plan assumed approximately 81,000 Medicaid and MICHild members in this acquisition.

The transaction was accounted for as a statutory purchase, and reflects the following:

| 1 | 2 | 3 | 4 | 5 |
|-------------------------------|------------------|-------------------------|-----------------------------|--------------------------------------|
| Purchased Entity | Acquisition Date | Cost of Acquired Entity | Original Amount of Goodwill | Original Amount of Admitted Goodwill |
| Health Plus of Michigan | 09/01/2015 | \$ 47,440,850 | \$ 47,440,850 | \$ 5,713,894 |
| HAP Midwest Health Plan, Inc. | 01/01/2016 | \$ 30,507,300 | \$ 30,507,300 | \$ 5,321,197 |
| Total | XXX | \$ 77,948,150 | \$ 77,948,150 | \$ 11,035,091 |

| 1 | 6 | 7 | 8 | 9 |
|-------------------------------|--|--|-------------------|--|
| Purchased Entity | Admitted Goodwill as of the Reporting Date | Amount of Goodwill Amortized During the Reporting Period | Book Value of SCA | Admitted Goodwill as a % of SCA BACV, Gross of Admitted Goodwill Col. 6/Col. 8 |
| Health Plus of Michigan | \$ 8,904,982 | \$ 2,731,485 | | |
| HAP Midwest Health Plan, Inc. | \$ 8,724,020 | \$ 2,457,530 | | |
| Total | \$ 17,629,002 | \$ 5,189,015 | \$ - | XXX |

B. Statutory Merger: None.

C. Assumption Reinsurance: None.

D. Impairment Loss: None.

E. Subcomponents and Calculation of Adjusted Surplus and Total Admitted Goodwill:

- (1) Capital & Surplus
Less:
 (2) Admitted Positive Goodwill
 (3) Admitted EDP Equipment & Operating System Software
 (4) Admitted Net Deferred Taxes

(5) Adjusted Capital and Surplus (Line 1-2-3-4)
(6) Limitation on amount of goodwill (adjusted capital and surplus times 10% goodwill limitation [Line 5*10%])
(7) Current period reported Admitted Goodwill
(8) Current Period Admitted Goodwill as a % of prior period Adjusted Capital and Surplus (Line 7/Line 5)

| Calculation of Limitation Using Prior Quarter Numbers | Current Reporting Period |
|---|--------------------------|
| \$ 204,250,570 | XXX |
| \$ 17,502,086 | XXX |
| \$ 9,711,483 | XXX |
| \$ 177,037,001 | XXX |
| \$ 17,703,700 | XXX |
| XXX | \$ 17,629,002 |
| XXX | 10.0% |

NOTE 4 Discontinued Operations

None.

NOTE 5 Investments

The following tables summarizes the Plan's investments including gross unrealized gains and losses as of the dates indicated:

| December 31, 2021 | | | | |
|--|------------------------|------------------|-------------------|----------------|
| | Cost or amortized cost | Unrealized gains | Unrealized losses | Fair value |
| Industrial and miscellaneous | \$ 236,312,722 | \$ 639,248 | \$ 370,849 | \$ 236,581,121 |
| Special revenue & assessment obligations | 13,854,467 | 122,414 | - | 13,976,881 |
| U.S. Government | 18,929,882 | - | - | 18,929,882 |
| Open depositories | (9,696,718) | - | - | (9,696,718) |
| Other money market mutual fund | 249,979,836 | - | - | 249,979,836 |
| Totals | \$ 509,380,189 | \$ 761,662 | \$ 370,849 | \$ 509,771,002 |

| December 31, 2020 | | | | |
|--|------------------------|------------------|-------------------|-----------------|
| | Cost or amortized cost | Unrealized gains | Unrealized losses | Fair value |
| Open depositories | \$ (10,536,617) | \$ - | \$ - | \$ (10,536,617) |
| Industrial and miscellaneous | 200,857,901 | 4,992,808 | 7,444 | 205,843,265 |
| Special revenue & assessment obligations | 28,374,980 | 359,872 | 50,853 | 28,683,999 |
| Other money market mutual fund | 183,622,441 | - | - | 183,622,441 |

NOTES TO FINANCIAL STATEMENTS

| | | | | |
|--------|----------------|--------------|-----------|----------------|
| Totals | \$ 402,318,705 | \$ 5,352,680 | \$ 58,297 | \$ 407,613,088 |
|--------|----------------|--------------|-----------|----------------|

The amortized cost and fair value of the Plan's investments by contractual maturities, were as follows:

| | December 31, 2021 | |
|--|-------------------|----------------|
| | Amortized cost | Fair value |
| Due in one year or less | \$ 171,301,383 | \$ 171,372,495 |
| Due after one year through five years | 61,008,316 | 61,264,534 |
| Due after five years through ten years | 27,168,135 | 30,210,289 |
| Due after ten years through twenty years | 5,974,118 | 2,994,090 |
| Due after twenty years | 3,645,119 | 3,646,476 |
| Totals | \$ 269,097,071 | \$ 269,487,884 |

- A. Mortgage Loans, including Mezzanine Real Estate Loans: None.
- B. Debt Restructuring: None.
- C. Reverse Mortgages: None.
- D. Loan-Backed Securities:

(1) Prepayment assumptions for mortgage-backed securities, collateralized mortgage obligations and other structure securities were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonally), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning). On an ongoing basis, the rate of prepayment is monitored and model is calibrated to reflect actual experience, market factors and view point.

(2), (3) Recognized other-than-temporary impairment (OTTI) securities: None.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an OTTI has not been recognized in earnings as a realized loss (including securities with a recognized OTTI for non-interest related declines when a non-recognized interest related impairment remains):

a) The aggregate amount of unrealized losses:

1. Less than 12 Months\$ 128,067

2. 12 Months or Longer

b) The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months\$ 16,538,884

2. 12 Months or Longer

(5) Because the decline in the market values of the securities was not due to the credit quality of the issuers, and because the Plan does not intend to sell nor does it expect to be required to sell these securities before a recovery in their cost basis, the Plan does not consider the securities to be other-than-temporarily impaired at December 31, 2021.
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions: None.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing: None.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: None.
- H. Repurchase Agreements Transactions Accounted for as a Sale: None.
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale: None.
- J. Real Estate: None.
- K. Low Income Housing Tax Credits: None.
- L. Restricted Assets

1. Restricted Assets (Including Pledged)

| Restricted Asset Category | 1 Total Gross (Admitted & Non- admitted) Restricted from Current Year | 2 Total Gross (Admitted & Non- admitted) Restricted from Prior Year | 3 Increase/ (Decrease) (1 minus 2) | 4 Total Current Year Non- admitted Restricted | 5 Total Current Year Admitted Restricted (1 minus 4) | 6 Gross (Admitted & Non- admitted) Restricted to Total Assets (a) | 7 Admitted Restricted to Total Admitted Assets (b) |
|--|---|--|---|---|--|--|--|
| a. Subject to contractual obligation for which liability is not shown | | | | | | 0.000% | 0.000% |
| b. Collateral held under security lending agreements | | | | | | 0.000% | 0.000% |
| c. Subject to repurchase agreements | | | | | | 0.000% | 0.000% |
| d. Subject to reverse repurchase agreements | | | | | | 0.000% | 0.000% |
| e. Subject to dollar repurchase agreements | | | | | | 0.000% | 0.000% |
| f. Subject to dollar reverse repurchase agreements | | | | | | 0.000% | 0.000% |
| g. Placed under option contracts | | | | | | 0.000% | 0.000% |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | | | | | | 0.000% | 0.000% |
| i. FHLB capital stock | | | | | | 0.000% | 0.000% |
| j. On deposit with states | \$ 1,054,900 | \$ 1,054,833 | \$ 67 | | \$ 1,054,900 | 0.149% | 0.156% |
| k. On deposit with other regulatory bodies | | | | | | 0.000% | 0.000% |
| l. Pledged collateral to FHLB (including assets backing funding agreements) | | | | | | 0.000% | 0.000% |
| m. Pledged as collateral not captured in other categories | | | | | | 0.000% | 0.000% |
| n. Other restricted assets | | | | | | 0.000% | 0.000% |

NOTES TO FINANCIAL STATEMENTS

| | | | | | | | |
|----------------------------|--------------|--------------|-------|------|--------------|--------|--------|
| o. Total Restricted Assets | \$ 1,054,900 | \$ 1,054,833 | \$ 67 | \$ - | \$ 1,054,900 | 0.149% | 0.156% |
|----------------------------|--------------|--------------|-------|------|--------------|--------|--------|

- (a) Column 1 divided by Asset Page, Column 1, Line 28
(b) Column 5 divided by Asset Page, Column 3, Line 28

- M. Working Capital Finance Investments: None.
- N. Offsetting and Netting of Assets and Liabilities: None.
- O. 5GI Securities: None.
- P. Short Sales: None.
- Q. Prepayment Penalty and Acceleration Fees:

| | General Account |
|--|-----------------|
| 1. Number of CUSIPs | 8 |
| 2. Aggregate Amount of Investment Income | \$ 121,085 |

- R. Reporting Entity's Share of Cash Pool by Asset Type: None.

NOTE 6 Joint Ventures, Partnerships and Limited Liability Companies

None.

NOTE 7 Investment Income

The Plan had no investment income that was excluded in 2021 or 2020. All of the Plan's investments and the income derived from such investments meet the criteria for admitted receivables.

NOTE 8 Derivative Instruments

None.

NOTE 9 Income Taxes

- A. The components of the net deferred tax asset/(liability) at the end of current period are as follows:

1. Components of Net Deferred Tax Asset/(Liability)

| | As of End of Current Period | | | 12/31/2020 | | | Change | | |
|--|-----------------------------|---------|-----------------------|--------------|----------|-----------------------|--------------------------|-------------------------|-----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Ordinary | Capital | (Col. 1 + 2) Total | Ordinary | Capital | (Col. 4 + 5) Total | (Col. 1 - 4) Ordinary | (Col. 2 - 5) Capital | (Col. 7 + 8) Total |
| (a) Gross Deferred Tax Assets | \$15,675,316 | \$ - | \$15,675,316 | \$17,792,235 | \$ 6,685 | \$17,798,920 | \$(2,116,919) | \$ (6,685) | \$(2,123,604) |
| (b) Statutory Valuation Allowance Adjustment | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | \$ - |
| (c) Adjusted Gross Deferred Tax Assets (1a - 1b) | \$15,675,316 | \$ - | \$15,675,316 | \$17,792,235 | \$ 6,685 | \$17,798,920 | \$(2,116,919) | \$ (6,685) | \$(2,123,604) |
| (d) Deferred Tax Assets Nonadmitted | \$ 1,073,913 | \$ - | \$ 1,073,913 | \$ 6,634,599 | \$ 6,685 | \$ 6,641,284 | \$(5,560,686) | \$ (6,685) | \$(5,567,371) |
| (e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d) | \$14,601,403 | \$ - | \$14,601,403 | \$11,157,636 | \$ - | \$11,157,636 | \$ 3,443,767 | \$ - | \$ 3,443,767 |
| (f) Deferred Tax Liabilities | \$ 2,255,553 | \$ - | \$ 2,255,553 | \$ 1,446,153 | | \$ 1,446,153 | \$ 809,400 | \$ - | \$ 809,400 |
| (g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f) | \$12,345,850 | \$ - | \$12,345,850 | \$ 9,711,483 | \$ - | \$ 9,711,483 | \$ 2,634,367 | \$ - | \$ 2,634,367 |

| 2. | As of End of Current Period | | | 12/31/2020 | | | Change | | |
|--|-----------------------------|---------|-----------------------|--------------|---------|-----------------------|--------------------------|-------------------------|-----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Ordinary | Capital | (Col. 1 + 2) Total | Ordinary | Capital | (Col. 4 + 5) Total | (Col. 1 - 4) Ordinary | (Col. 2 - 5) Capital | (Col. 7 + 8) Total |
| Admission Calculation Components SSAP No. 101, Income Taxes | | | | | | | | | |
| (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks | \$10,984,192 | \$ - | \$10,984,192 | \$ 9,179,468 | | \$ 9,179,468 | \$ 1,804,724 | \$ - | \$ 1,804,724 |
| (b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below) | \$ 1,361,658 | \$ - | \$ 1,361,658 | \$ 532,015 | | \$ 532,015 | \$ 829,643 | \$ - | \$ 829,643 |
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. | \$ 1,361,658 | \$ - | \$ 1,361,658 | \$ 532,015 | | \$ 532,015 | \$ 829,643 | \$ - | \$ 829,643 |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold. | XXX | XXX | \$26,443,503 | XXX | XXX | \$20,504,340 | XXX | XXX | \$ 5,939,163 |
| (c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities. | \$ 2,255,553 | \$ - | \$ 2,255,553 | \$ 1,446,153 | | \$ 1,446,153 | \$ 809,400 | \$ - | \$ 809,400 |
| (d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | \$14,601,403 | \$ - | \$14,601,403 | \$11,157,636 | \$ - | \$11,157,636 | \$ 3,443,767 | \$ - | \$ 3,443,767 |

3. Other Admissibility Criteria

| | 2021 | 2020 |
|---|----------------|----------------|
| a. Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount. | 297.424% | 294.386% |
| b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above. | \$ 193,919,025 | \$ 150,365,158 |

| 4. | As of End of Current Period | | 12/31/2020 | | Change | |
|------------------------------------|-----------------------------|---------|------------|---------|--------------------------|-------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | Ordinary | Capital | Ordinary | Capital | (Col. 1 - 3) Ordinary | (Col. 2 - 4) Capital |
| Impact of Tax Planning Strategies: | | | | | | |

NOTES TO FINANCIAL STATEMENTS

| | | | | | | |
|---|---------------|------|---------------|----------|----------------|------------|
| (a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage. | | | | | | |
| 1. Adjusted Gross DTAs amount from Note 9A1 (c) | \$ 15,675,316 | \$ - | \$ 17,792,235 | \$ 6,685 | \$ (2,116,919) | \$ (6,685) |
| 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies | | | | | 0.000% | 0.000% |
| 3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e) | \$ 14,601,403 | \$ - | \$ 11,157,636 | \$ - | \$ 3,443,767 | \$ - |
| 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | | | | | 0.000% | 0.000% |

b. Do the Company's tax-planning strategies include the use of reinsurance? Yes [] No [X]

B. Deferred Tax Liabilities Not Recognized: None.

C. Current income taxes incurred consist of the following major components:

| | (1) As of End of Current Period | (2) 12/31/2020 | (3) (Col. 1 - 2) Change |
|---|---------------------------------------|-------------------|-------------------------------|
| 1. Current Income Tax | | | |
| (a) Federal | \$ 12,590,763 | \$ 26,945,228 | \$ (14,354,465) |
| (b) Foreign | \$ - | \$ - | \$ - |
| (c) Subtotal | \$ 12,590,763 | \$ 26,945,228 | \$ (14,354,465) |
| (d) Federal income tax on net capital gains | \$ 377,414 | \$ 190,572 | \$ 186,842 |
| (e) Utilization of capital loss carry-forwards | \$ - | \$ - | \$ - |
| (f) Other | \$ 122,367 | \$ 5,236 | \$ 117,131 |
| (g) Federal and foreign income taxes incurred | \$ 13,090,544 | \$ 27,141,036 | \$ (14,050,492) |
| 2. Deferred Tax Assets: | | | |
| (a) Ordinary: | | | |
| (1) Discounting of unpaid losses | \$ 1,389,348 | \$ 1,315,045 | \$ 74,303 |
| (2) Unearned premium reserve | \$ 5,738 | \$ 56,681 | \$ (50,943) |
| (3) Policyholder reserves | \$ - | \$ - | \$ - |
| (4) Investments | \$ - | \$ - | \$ - |
| (5) Deferred acquisition costs | \$ - | \$ - | \$ - |
| (6) Policyholder dividends accrual | \$ - | \$ - | \$ - |
| (7) Fixed Assets | \$ 6,541,189 | \$ 8,368,581 | \$ (1,827,392) |
| (8) Compensation and benefits accrual | \$ 161,747 | \$ 227,233 | \$ (65,486) |
| (9) Pension accrual | \$ - | \$ - | \$ - |
| (10) Receivables - nonadmitted | \$ 5,338,786 | \$ 6,465,225 | \$ (1,126,439) |
| (11) Net operating loss carry-forward | \$ - | \$ - | \$ - |
| (12) Tax credit carry-forward | \$ - | \$ - | \$ - |
| (13) Other (including items <5% of total ordinary tax assets) | \$ 2,238,508 | \$ 1,359,470 | \$ 879,038 |
| (99) Subtotal | \$ 15,675,316 | \$ 17,792,235 | \$ (2,116,919) |
| (b) Statutory valuation allowance adjustment | \$ - | \$ - | \$ - |
| (c) Nonadmitted | \$ 1,073,913 | \$ 6,634,599 | \$ (5,560,686) |
| (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c) | \$ 14,601,403 | \$ 11,157,636 | \$ 3,443,767 |
| (e) Capital: | | | |
| (1) Investments | \$ - | \$ 6,685 | \$ (6,685) |
| (2) Net capital loss carry-forward | \$ - | \$ - | \$ - |
| (3) Real estate | \$ - | \$ - | \$ - |
| (4) Other (including items <5% of total ordinary tax assets) | \$ - | \$ - | \$ - |
| (99) Subtotal | \$ - | \$ 6,685 | \$ (6,685) |
| (f) Statutory valuation allowance adjustment | \$ - | \$ - | \$ - |
| (g) Nonadmitted | \$ - | \$ 6,685 | \$ (6,685) |
| (h) Admitted capital deferred tax assets (2e99 - 2f - 2g) | | | |
| (i) Admitted deferred tax assets (2d + 2h) | \$ 14,601,403 | \$ 11,157,636 | \$ 3,443,767 |
| 3. Deferred Tax Liabilities: | | | |
| (a) Ordinary: | | | |
| (1) Investments | \$ - | \$ - | \$ - |
| (2) Fixed Assets | \$ - | \$ - | \$ - |
| (3) Deferred and uncollected premium | \$ - | \$ - | \$ - |
| (4) Policyholder reserves | \$ - | \$ - | \$ - |
| (5) Other (including items <5% of total ordinary tax liabilities) | \$ 2,255,553 | \$ 1,446,153 | \$ 809,400 |
| (99) Subtotal | \$ 2,255,553 | \$ 1,446,153 | \$ 809,400 |
| (b) Capital: | | | |
| (1) Investments | \$ - | \$ - | \$ - |
| (2) Real estate | \$ - | \$ - | \$ - |
| (3) Other (including items <5% of total capital tax liabilities) | \$ - | \$ - | \$ - |
| (99) Subtotal | | | |
| (c) Deferred tax liabilities (3a99 + 3b99) | \$ 2,255,553 | \$ 1,446,153 | \$ 809,400 |
| 4. Net deferred tax assets/liabilities (2i - 3c) | \$ 12,345,850 | \$ 9,711,483 | \$ 2,634,367 |

The Plan is subject to taxation in the United States and the state of Michigan. The Plan may be subject to examination for calendar years 2018 to 2020. With few exceptions, the Plan is no longer subject to U.S. federal examination for tax years before 2018 and state or local tax examinations before 2017.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate. Among the more significant book to tax adjustments were the following:

| | Tax Effect | Effective Tax Rate |
|---|---------------|--------------------|
| Provision computed at statutory rate | \$ 12,716,963 | 21.00% |
| Changes in nonadmitted assets | 3,371,678 | 5.57% |
| Other | (71,778) | -0.12% |
| Total | \$ 16,016,863 | 26.45% |
| Federal and foreign income taxes incurred | \$ 12,713,130 | 20.99% |
| Realized capital gains (losses) tax | 377,414 | 0.62% |

NOTES TO FINANCIAL STATEMENTS

| | | |
|-------------------------------------|---------------|--------|
| Change in net deferred income taxes | 2,926,319 | 4.84% |
| Total statutory income taxes | \$ 16,016,863 | 26.45% |

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forward available for tax purposes: None.
2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

| Year | Amount |
|------|---------------|
| 2021 | \$ 12,968,177 |
| 2020 | \$ 27,207,367 |

3. The Plan did not have any aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

The Plan is included in the consolidated federal income tax return with its ultimate parent, Molina. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group. Federal income taxes are paid to or refunded by Molina pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses the Plan receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of Molina.

Federal income tax received for 2021 pursuant to the tax sharing agreement was \$10,380,000.

- G. Federal or Foreign Federal Income Tax Loss Contingencies: The Plan does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.
- H. Repatriation Transition Tax: None.
- I. Alternative Minimum Tax Credit: None.

NOTE 10 Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. The Plan is a wholly owned subsidiary of Molina. Molina and its subsidiaries provide quality managed care to people receiving government assistance. Molina offers healthcare services for persons served by Medicaid, Medicare, and the Marketplace, and products to assist government agencies in their administration of the Medicaid program. Molina has wholly owned operating subsidiaries in various states as indicated in Schedule Y, Parts 1 and 1A.
- B. The Plan paid Molina an ordinary dividend in cash amounting to \$20,000,000 on December 28, 2021.
- The Plan paid Molina ordinary dividends in cash amounting to \$26,000,000 on May 26, 2020 and \$90,000,000 on September 25, 2020.

The Plan has an agreement with Molina whereby Molina provides certain management services to the Plan. Expenses incurred relating to this agreement amounted to \$149,925,280 and \$132,369,130 for the years ended December 31, 2021 and 2020, respectively.

The Plan leases office space from Molina Healthcare of California, a subsidiary of Molina that commenced in 2016. Rental payments for this lease amounted to \$673,283 and \$1,071,197 for both years ended December 31, 2021 and 2020.

- C. Transactions with related party who are not reported on Schedule Y: None.
- D. As of December 31, 2021 and 2020 amounts due to Molina and affiliates totaled \$6,354,587 and \$20,055,059, respectively. Intercompany receivables and payables are generally settled on a monthly basis.
- E. The Plan has a services agreement with Molina, as described in Note 10C.
- F. The Plan is not a guarantor and does not participate in any undertakings.
- G. As indicated in Note 10A, the Plan is a wholly owned subsidiary of Molina. The entities under common ownership of Molina are indicated in Schedule Y, Parts 1 and 1A.
- H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned: None.
- I. Investments in SCA that Exceed 10% of Admitted Assets: None.
- J. Investments in Impaired SCAs: None.
- K. Investment in Foreign Insurance Subsidiary: None.
- L. Investment in Downstream Noninsurance Holding Company: None.
- M. All SCA Investments: None.
- N. Investment in Insurance SCAs: None.
- O. SCA or SSAP 48 Entity Loss Tracking: None.

NOTE 11 Debt

- A. Debt Including Capital Notes: None.
- B. Federal Home Loan Bank (FHLB) Agreements: None.

NOTE 12 Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A.-D. Defined Benefit Plan: None.
- E. Defined Contribution Plan: See Note 12G.
- F. Multiemployer Plans: None.
- G. Consolidated/Holding Company Plans: The employees of the Plan are eligible to participate in a defined contribution 401(k) plan sponsored by Molina subject to the participation eligibility set forth in the plan. Eligible employees are allowed to contribute up to the maximum allowed by law. The Plan matches 100% up to the first 4% of compensation contributed by the employees, up to IRS recognized limits, subject to a one-year cliff vesting requirement. The Plan has no legal obligation to provide benefits under the plan. The Plan's expense recognized in connection with the 401(k) plan was \$806,060 and \$1,139,666 for the years ended December 31, 2021 and 2020, respectively.

NOTES TO FINANCIAL STATEMENTS

- H. Postemployment Benefits and Compensated Absences: None.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17): None.

NOTE 13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- A. The Plan has 200,000 shares of \$0 par value common stock authorized, 30,000 shares of Class B and 129,000 shares of Class A issued and outstanding. All issued and outstanding shares of common stock are held by Molina.
- B. Preferred stock: None.
- C. Dividend restrictions: The laws of the state of Michigan limit the payment and declaration of extraordinary and ordinary dividends. As set forth in the Michigan Insurance Code, without prior approval of its insurance commissioner, dividends may only be paid from earned surplus. Extraordinary dividends must be approved by the Department.
- D. Dividends paid by the Plan to Molina during 2021 and 2020: Refer to Note 10B.
- E. Subject to the limitations of Note 13C, no restrictions have been placed on the portion of the Plan's profits that may be paid as ordinary dividends to Molina.
- F. Restrictions placed on unassigned funds (surplus): None.
- G. Advances to surplus not repaid: None.
- H. Stock held for special purposes: None.
- I. Changes in the balance of special surplus funds: None.
- J. The portion of unassigned funds (surplus) or deficit represented or reduced by each item below is as follows:

| | 2021 | 2020 | Change |
|---------------------------------------|-----------------|-----------------|---------------|
| Net deferred income taxes | \$ 13,419,763 | \$ 16,346,082 | (2,926,319) |
| Net unrealized capital gains (losses) | 25,148 | - | 25,148 |
| Nonadmitted assets | (31,931,240) | (53,554,222) | 21,622,982 |
| Totals | \$ (18,486,329) | \$ (37,208,140) | \$ 18,721,811 |

- K. The Company issued the following surplus debentures or similar obligations: None.
- L. The impact of any restatement due to prior quasi-reorganizations is as follows: None.
- M. The effective dates of all quasi-reorganizations in the prior 10 years: None.

NOTE 14 Liabilities, Contingencies and Assessments

- A. Contingent Commitments: The Plan has no contingent commitments.
- B. Assessments: None.
- C. Gain Contingencies: None.
- D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits: None.
- E. Joint and Several Liabilities: None.
- F. All Other Contingencies: From time to time, the Plan may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Plan's counsel, would have a material adverse effect on the Plan's financial position, results of operations or cash flow.

The Plan routinely evaluates the collectability of all receivable amounts included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Plan's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Plan's financial position, results of operation or cash flow.

The Plan recognizes the financial statement benefit of a tax position after determining that the relevant tax authority would more likely than not sustain the position following an audit, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Interest and penalties, if incurred, are recognized in the statutory basis statements of revenues and expenses as federal income tax expense. As of December 2021, the Plan had a tax loss contingency liability of \$596,326. The Plan has not recognized any interest or penalties for the years ended December 31, 2021 and 2020.

There are no assets that the Plan considers to be impaired at December 31, 2021 and 2020.

NOTE 15 Leases

- A. Lessee Operating Lease:
 - (1) The Plan leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled \$1,503,547 and \$1,093,986 for the years ended December 31, 2021 and 2020, respectively.
 - (2) a. At January 1, 2022, the minimum aggregate rental commitments are as follows:

| | Operating Leases |
|----------|------------------|
| 1. 2022 | \$ 2,268,415 |
| 2. 2023 | \$ 2,284,509 |
| 3. 2024 | \$ 2,310,399 |
| 4. 2025 | \$ 2,362,508 |
| 5. 2026 | \$ 281,964 |
| 6. Total | \$ 9,523,237 |

Total includes \$15,442 for years following 2026.
 - b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases: None.
 - (3) For Sale-Leaseback Transactions: None.
- B. Lessor Leases: None.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None.

NOTE 17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales: None.
- B. Transfer and Servicing of Financial Assets: None.
- C. Wash Sales: None.

NOTE 18 Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans:

The gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during 2021:

| | ASO Uninsured Plans | Uninsured Portion of Partially Insured Plans | Total ASO |
|---|---------------------------|---|----------------|
| a. Net reimbursement for administrative Expenses (including administrative fees) in excess of actual expenses | | \$ 707,694 | \$ 707,694 |
| b. Total net other income or expenses (including interest paid to or received from plans) | | | |
| c. Net gain or (loss) from operations | \$ - | \$ 707,694 | \$ 707,694 |
| d. Total claim payment volume | | \$ 537,697,701 | \$ 537,697,701 |

B. ASC Plans: None.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract: The Medicare Part D program is a partially insured plan. The Plan recorded amounts payable of \$5,954,834 and \$567,939 relating to uninsured plans at December 31, 2021 and 2020, respectively, for cost reimbursements under the Medicare Part D program.

NOTE 19 Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

NOTE 20 Fair Value Measurements

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 – Certain inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Certain inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Certain inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Bonds and short-term investments are based on quoted market prices, where available.

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date: The Plan's assets measured and reported at fair value on a recurring basis are listed in the table below. The Plan receives monthly statements from investment brokers that provide market pricing. There were no transfers between Level 1 and Level 2 of the fair value hierarchy.

2021:

| Description for each class of asset | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Total |
|-------------------------------------|----------------|-----------|-----------|-----------------------|----------------|
| a. Assets at fair value | | | | | |
| Other money market mutual funds | \$ 249,979,836 | | | | \$ 249,979,836 |
| Total assets at fair value/NAV | \$ 249,979,836 | \$ - | \$ - | \$ - | \$ 249,979,836 |

2020:

| Description for each class of asset | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Total |
|-------------------------------------|-----------|------------|-----------|-----------------------|----------------|
| a. Assets at fair value | | | | | |
| Industrial & miscellaneous | \$ - | \$ 461,890 | \$ - | \$ - | \$ 461,890 |
| Other money market mutual fund | \$ - | \$ - | \$ - | \$ 183,622,440 | \$ 183,622,440 |
| Total assets at fair value/NAV | \$ - | \$ 461,890 | \$ - | \$ 183,622,440 | \$ 184,084,330 |

(2) Fair Value Measurements in Level 3 of the Fair Value hierarchy: None.

(3) Policies when Transfers Between Levels are Recognized: None.

(4) Fair value measurements categorized within Level 2 and Level 3: Level 2 financial instruments include investments that are traded frequently though not necessarily daily. Fair value for these securities is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets.

(5) Fair Value Disclosures: None.

NOTES TO FINANCIAL STATEMENTS

- B. Fair Value Reporting under SSAP No. 100, Fair Value Measurements, and Other Accounting Pronouncements: In addition to bonds and short-term investments (see below), the Plan's statutory basis balance sheets typically include the following financial instruments: investment income due and accrued, federal income tax recoverable (payable), receivables, and current liabilities. The Plan believes the carrying amounts of these financial instruments approximate the fair value of these financial instruments because of the relatively short period of time between the origination of the instruments and their expected realization or payment.
- C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

The aggregate fair value hierarchy of all financial instruments as of December 31, 2021 and 2020 is presented in the table below:

2021:

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|---------------------------------------|----------------------|-----------------|----------------|----------------|-----------|-----------------------|----------------------------------|
| Industrial & miscellaneous | \$ 236,581,121 | \$ 236,312,722 | | \$ 236,581,121 | | | |
| Special revenue & special assessments | \$ 13,976,881 | \$ 13,854,467 | | \$ 13,976,881 | | | |
| Governments | \$ 18,929,882 | \$ 18,929,882 | | \$ 18,929,882 | | | |
| Open depositories | \$ (9,696,718) | \$ (9,696,718) | \$ (9,696,718) | | | | |
| Other money market mutual funds | \$ 249,979,836 | \$ 249,979,836 | \$ 249,979,836 | | | | |
| Total financial instruments | \$ 509,771,002 | \$ 509,380,189 | \$ 240,283,118 | \$ 269,487,884 | \$ - | \$ - | |

2020:

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|--|----------------------|-----------------|-----------------|----------------|-----------|-----------------------|----------------------------------|
| Industrial & miscellaneous | \$ 205,843,265 | \$ 200,857,901 | \$ - | \$ 205,843,265 | \$ - | \$ - | \$ - |
| Special revenue & assessment obligations | \$ 28,683,999 | \$ 28,374,981 | \$ - | \$ 28,683,999 | | | |
| Open depositories | \$ (10,532,617) | \$ (10,532,617) | \$ (10,532,617) | \$ - | | | |
| Other money market mutual fund | \$ 183,622,440 | \$ 183,622,440 | | \$ - | | \$ 183,622,440 | |
| Total financial instruments | \$ 407,617,087 | \$ 402,322,705 | \$ (10,532,617) | \$ 234,527,264 | \$ - | \$ 183,622,440 | \$ - |

- D. Not Practicable to Estimate Fair Value: None.
- E. NAV Practical Expedient Investments: None.

NOTE 21 Other Items

- A. Unusual or Infrequent Items: None.
- B. Troubled Debt Restructuring: Debtors: None.
- C. Other Disclosures

The Department imposes requirements on the Plan with regards to working capital. For purposes of calculating working capital the Plan excludes amounts that are payable beyond one year. At December 31, 2021, the Plan excluded \$48,714,750 from aggregate health policy reserves relating to State Fiscal Year 2021 Medicaid risk corridor. This amount is payable in 2022. As of December 31, 2021, the Plan is in compliance with the working capital requirements.

The Plan's current MMP contract is effective through December 31, 2023.

As the COVID-19 pandemic continues to evolve, its ultimate impact to the Plan's business, results of operations, financial condition and cash flows is uncertain and difficult to predict. The Plan continues to monitor and assess the estimated operating and financial impact of the COVID-19 pandemic, and as the pandemic evolves, the Plan continues to process, assemble, and assess utilization information. The Plan believes that its cash flow generated from operations will be sufficient to withstand the financial impact of the pandemic, and will enable it to continue to support operations, regulatory requirements, and capital expenditures for the foreseeable future.

Stock Plans

Under an equity incentive plan adopted by Molina, the Plan's employees may be awarded restricted stock or other equity incentives. Restricted stock awards generally vest in equal annual installments over periods of up to four years from the date of grant.

Molina has an employee stock purchase plan under which the eligible employees of the Plan may purchase common shares at 85% of the lower of the fair market value of Molina's common stock on either the first or last trading day of each six-month offering period. Each participant is limited to a maximum purchase of \$25,000 (as measured by the fair value of the stock acquired) per year through payroll deductions.

- D. Business Interruption Insurance Recoveries: None.
- E. State Transferable and Non-transferable Tax Credits: None.
- F. Subprime Mortgage Related Risk Exposure: None.
- G. Retained Assets: None.
- H. Insurance-Linked Securities Contracts: None.
- I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy: None.

NOTE 22 Events Subsequent

Type I – Recognized Subsequent Events: None.

Type II – Nonrecognized Subsequent Events: None.

The Plan evaluated its December 31, 2021 statutory basis financial statements for subsequent events through February 26, 2022, the date the statutory basis financial statements were available to be issued. The Plan is not aware of any subsequent events that would require recognition or disclosure in these statutory basis financial statements.

NOTE 23 Reinsurance

NOTES TO FINANCIAL STATEMENTS

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? No.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

B. Uncollectible Reinsurance: None.

C. Commutation of Reinsurance Reflected in Income and Expenses: None.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None.

E. Reinsurance Credit:

- (2) The Plan has a reinsurance agreement with Odyssey Reinsurance Company, a non-affiliate. Refer to the reinsurance section of Note 1.

NOTE 24 Retrospectively Rated Contracts & Contracts Subject to Redetermination

A.-C. Based on member encounter data that the Plan submits to CMS, Medicare premiums are subject to retroactive increase or decrease based upon member medical conditions for up to two years after the original year of service. The Plan estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health care utilization patterns and CMS practices. The Plan had net premiums written of \$537,117,334 and \$495,298,602 for its Medicare business for the years ended December 31, 2021 and 2020, representing 26.2% and 27.8% of total net premiums written in 2021 and 2020, respectively.

The Plan began serving members through the Marketplace in January 2014. Under the risk sharing provisions of the ACA, Marketplace premiums are subject to redetermination through the risk adjustment program in which the risk scores of enrollees are used to determine the final premium amount. Beginning in 2018, the risk adjustment program also includes the Federal high cost risk pool. The high cost risk pool provides compensation for high dollar claims. In addition, Marketplace premiums are subject to retrospective rating through the risk corridor program in which the Plan and the Federal government share in loss experience above or below a specified range. The Plan estimates accrued retrospective premium adjustments for its Marketplace business through a mathematical approach with inputs that may include premiums, claims costs, administrative expenses, reinsurance recoveries, and risk adjustment transfer payments. The Plan had net premiums written of \$57,540,240 and \$43,322,493 for its Marketplace business for the years ended December 31, 2021 and 2020, representing 2.8% and 2.4% of the total net premiums written in 2021 and 2020, respectively.

In 2014, the state of Michigan expanded the Medicaid program to include certain adults not previously eligible for Medicaid. Under the Plan's contract with MDCH, it is required to spend a minimum percentage of premium revenue on allowed medical expenses. If the Plan's expenditures on allowed medical costs exceed a maximum percentage of premium revenue, the Plan may receive additional premiums from MDCH. The Plan estimates accrued retrospective premium adjustments for the Medicaid Expansion program in accordance with such contractual requirements. The Plan had net premiums written of \$566,963,508 and \$427,980,736 for its Medicaid Expansion business for the years ended December 31, 2021 and 2020, respectively, representing 27.7% and 24.0% of total net premiums written in 2021 and 2020, respectively.

The Plan records accrued retrospective premium as an adjustment to earned premium.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act:

| | 1 | 2 | 3 | 4 | 5 |
|---|--------------|----------------------|----------------------|-------------------------------|--------------|
| | Individual | Small Group Employer | Large Group Employer | Other Categories with Rebates | Total |
| Prior Reporting Year | | | | | |
| (1) Medical loss ratio rebates incurred | \$ 2,144,337 | \$ - | \$ - | \$ - | \$ 2,144,337 |
| (2) Medical loss ratio rebates paid | \$ 236,968 | \$ - | \$ - | \$ - | \$ 236,968 |
| (3) Medical loss ratio rebates unpaid | \$ 2,855,486 | \$ - | \$ - | \$ - | \$ 2,855,486 |
| (4) Plus reinsurance assumed amounts | XXX | XXX | XXX | XXX | |
| (5) Less reinsurance ceded amounts | XXX | XXX | XXX | XXX | |
| (6) Rebates unpaid net of reinsurance | XXX | XXX | XXX | XXX | \$ 2,855,486 |
| Current Reporting Year-to-Date | | | | | |
| (7) Medical loss ratio rebates incurred | \$ 4,468,082 | \$ - | \$ - | \$ - | \$ 4,468,082 |
| (8) Medical loss ratio rebates paid | \$ 3,325,215 | \$ - | \$ - | \$ - | \$ 3,325,215 |
| (9) Medical loss ratio rebates unpaid | \$ 3,998,353 | \$ - | \$ - | \$ - | \$ 3,998,353 |
| (10) Plus reinsurance assumed amounts | XXX | XXX | XXX | XXX | |
| (11) Less reinsurance ceded amounts | XXX | XXX | XXX | XXX | |
| (12) Rebates unpaid net of reinsurance | XXX | XXX | XXX | XXX | \$ 3,998,353 |

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)?
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

Yes [X] No []

Amount

a. Permanent ACA Risk Adjustment Program
Assets

1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments)

NOTES TO FINANCIAL STATEMENTS

| | | |
|--|----|-------------|
| Liabilities | | |
| 2. Risk adjustment user fees payable for ACA Risk Adjustment | \$ | 38,517 |
| 3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premium) | \$ | 5,202,437 |
| Operations (Revenue & Expense) | | |
| 4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment | \$ | (3,573,500) |
| 5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) | \$ | (38,570) |
| b. Transitional ACA Reinsurance Program | | |
| Assets | | |
| 1. Amounts recoverable for claims paid due to ACA Reinsurance | | |
| 2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) | | |
| 3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance | | |
| Liabilities | | |
| 4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium | | |
| 5. Ceded reinsurance premiums payable due to ACA Reinsurance | | |
| 6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance | | |
| Operations (Revenue & Expense) | | |
| 7. Ceded reinsurance premiums due to ACA Reinsurance | | |
| 8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments | | |
| 9. ACA Reinsurance contributions – not reported as ceded premium | | |
| c. Temporary ACA Risk Corridors Program | | |
| Assets | | |
| 1. Accrued retrospective premium due to ACA Risk Corridors | | |
| Liabilities | | |
| 2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors | | |
| Operations (Revenue & Expense) | | |
| 3. Effect of ACA Risk Corridors on net premium income (paid/received) | | |
| 4. Effect of ACA Risk Corridors on change in reserves for rate credits | | |

(3) Roll forward of prior year ACA risk sharing provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance.

| | Accrued During the Prior Year on Business Written Before December 31 of the Prior Year | | Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year | | Differences | | Adjustments | | | Unsettled Balances as of the Reporting Date | |
|---|--|---------------|--|---------------|--|--|------------------------|------------------------|-----|---|---|
| | | | | | Prior Year Accrued Less Payments (Col 1 - 3) | Prior Year Accrued Less Payments (Col 2 - 4) | To Prior Year Balances | To Prior Year Balances | | Cumulative Balance from Prior Years (Col 1-3+7) | Cumulative Balance from Prior Years (Col 2-4+8) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | 9 | 10 |
| | Receivable | Payable | Receivable | Payable | Receivable | Payable | Receivable | Payable | Ref | Receivable | Payable |
| a. Permanent ACA Risk Adjustment Program | | | | | | | | | | | |
| 1. Premium adjustments receivable (including high risk pool payments) | \$ 14,682 | \$ - | \$ - | \$ - | \$ 14,682 | \$ - | \$ - | \$ - | A | \$ 14,682 | \$ - |
| 2. Premium adjustments (payable) (including high risk pool premium) | \$ - | \$(5,092,032) | \$ - | \$(3,463,095) | \$ - | \$(1,628,937) | \$ - | \$ 1,628,937 | B | \$ - | \$ - |
| 3. Subtotal ACA Permanent Risk Adjustment Program | \$ 14,682 | \$(5,092,032) | \$ - | \$(3,463,095) | \$ 14,682 | \$(1,628,937) | \$ - | \$ 1,628,937 | | \$ 14,682 | \$ - |
| b. Transitional ACA Reinsurance Program | | | | | | | | | | | |
| 1. Amounts recoverable for claims paid | | | | | | | | | C | | |
| 2. Amounts recoverable for claims unpaid (contra liability) | | | | | | | | | D | | |
| 3. Amounts receivable relating to uninsured plans | | | | | | | | | E | | |
| 4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium | | | | | | | | | F | | |
| 5. Ceded reinsurance premiums payable | | | | | | | | | G | | |
| 6. Liability for amounts held under uninsured plans | | | | | | | | | H | | |
| 7. Subtotal ACA Transitional Reinsurance Program | | | | | | | | | | | |
| c. Temporary ACA Risk Corridors Program | | | | | | | | | | | |
| 1. Accrued retrospective premium | | | | | | | | | I | | |
| 2. Reserve for rate credits or policy experience rating refunds | | | | | | | | | J | | |
| 3. Subtotal ACA Risk Corridors Program | | | | | | | | | | | |
| d. Total for ACA Risk Sharing Provisions | \$ 14,682 | \$(5,092,032) | \$ - | \$(3,463,095) | \$ 14,682 | \$(1,628,937) | \$ - | \$ 1,628,937 | | \$ 14,682 | \$ - |

Explanations of Adjustments
A. Adjustment are changes in estimates based on additional information since December 31, 2020.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year: None.

(5) ACA Risk Corridors Receivable as of Reporting Date: The Plan had no ACA risk corridor receivables for periods from 2014 to 2016.

NOTE 25 Change in Incurred Claims and Claim Adjustment Expenses

NOTES TO FINANCIAL STATEMENTS

A. Change in Incurred Losses and Loss Adjustment Expenses

The change in prior year estimated claims reserves represents favorable development in claims experience as of December 31, 2021 and 2020, respectively. Original estimates are increased or decreased as additional information becomes known regarding incurred reported claims. Claims unpaid activity during 2021 and 2020 is summarized below:

| | Year ended 12/31/2021 | Year ended 12/31/2020 |
|--|--------------------------|--------------------------|
| Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, beginning of period | \$ 181,068,708 | \$ 163,611,092 |
| Add provision for claims, net of reinsurance: | | |
| Current year | 1,664,171,318 | 1,292,057,599 |
| Prior years | (17,417,504) | (6,970,517) |
| Net incurred claims during the current year | 1,646,753,814 | 1,285,087,082 |
| Deduct paid claims, net of reinsurance: | | |
| Current year | 1,544,030,423 | 1,182,785,710 |
| Prior years | 88,062,481 | 103,297,087 |
| Net paid claims during the current year | 1,632,092,904 | 1,286,082,797 |
| Change in claims adjustment expenses | (1,223,775) | 383,198 |
| Change in health care receivables | (587,700) | 18,206,953 |
| Change in amounts due from reinsurers | - | (136,820) |
| Unpaid claims liabilities, accrued medical incentives, and claims adjustment expenses, end of period | \$ 193,918,143 | \$ 181,068,708 |

B. Information about Significant Changes in Methodologies and Assumptions: The Plan did not make any significant changes in methodologies and assumptions used in the calculation of the liability for claims unpaid and unpaid claim adjustment expenses in 2021 or 2020.

NOTE 26 Intercompany Pooling Arrangements

None.

NOTE 27 Structured Settlements

None.

NOTE 28 Health Care Receivables

A. Pharmaceutical Rebate Receivables

| Date | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received Within 90 Days of Billing | Actual Rebates Received Within 91 to 180 Days of Billing | Actual Rebates Received More Than 180 Days After Billing |
|------------|--|---|---|--|--|
| 12/31/2021 | \$ 14,710,314 | \$ - | \$ - | \$ - | \$ - |
| 09/30/2021 | \$ 14,376,753 | \$ 14,463,103 | \$ - | \$ - | \$ - |
| 06/30/2021 | \$ 14,206,962 | \$ 14,060,186 | \$ - | \$ 10,818,354 | \$ - |
| 03/31/2021 | \$ 13,076,666 | \$ 13,727,509 | \$ - | \$ 9,103,425 | \$ 4,245,172 |
| 12/31/2020 | \$ 13,786,807 | \$ 12,821,759 | \$ - | \$ 8,845,254 | \$ 3,957,410 |
| 09/30/2020 | \$ 14,577,519 | \$ 13,626,260 | \$ - | \$ 9,266,942 | \$ 4,069,002 |
| 06/30/2020 | \$ 13,890,800 | \$ 13,072,015 | \$ - | \$ 7,613,136 | \$ 4,923,221 |
| 03/31/2020 | \$ 12,391,808 | \$ 12,533,468 | \$ - | \$ 7,336,951 | \$ 4,483,461 |
| 12/31/2019 | \$ 12,298,976 | \$ 12,654,259 | \$ - | \$ 7,439,841 | \$ 5,033,351 |
| 09/30/2019 | \$ 11,806,751 | \$ 12,225,704 | \$ - | \$ 7,424,598 | \$ 4,561,724 |
| 06/30/2019 | \$ 11,308,671 | \$ 12,475,031 | \$ - | \$ 7,486,135 | \$ 4,466,593 |
| 03/31/2019 | \$ 11,462,466 | \$ 11,997,321 | \$ - | \$ 7,447,483 | \$ 4,419,769 |

B. Risk-Sharing Receivables: None.

NOTE 29 Participating Policies

None.

NOTE 30 Premium Deficiency Reserves

| | | |
|---|----------------|------------------|
| 1. Liability carried for premium deficiency reserves | \$ - | \$ - |
| 2. Date of the most recent evaluation of this liability | 12/31/2021 | 12/31/2020 |
| 3. Was anticipated investment income utilized in the calculation? | Yes [X] No [] | Yes [X] No [] |

NOTE 31 Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A, 2 and 3.

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State Regulating?

Michigan

1.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes [X] No []

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

1179929

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2018

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2018

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/19/2020

3.4

By what department or departments?
Michigan Department of Insurance and Financial Services

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If yes, complete and file the merger history data file with the NAIC.

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| | | |
|---------------------|------------------------|------------------------|
| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
| | | |

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

| | |
|------------------|---------------------|
| 1 Nationality | 2 Type of Entity |
| | |

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a depository institution holding company (DIHC) or a DIHC itself, regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If the response to 8.1 is yes, please identify the name of the DIHC.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1 | 2 | 3 | 4 | 5 | 6 |
|----------------|------------------------|-----|-----|------|-----|
| Affiliate Name | Location (City, State) | FRB | OCC | FDIC | SEC |
| | | | | | |

8.5 Is the reporting entity a depository institution holding company with significant insurance operations as defined by the Board of Governors of Federal Reserve System or a subsidiary of the reporting entity? Yes [] No [X]

8.6 If response to 8.5 is no, is the reporting entity a company or subsidiary of a company that has otherwise been made subject to the Federal Reserve Board's capital rule? Yes [] No [X] N/A []

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Grant Thornton LLP, 100 E Wisconsin Avenue, Suite #2100, Milwaukee, WI 53202

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [X] N/A []

10.6 If the response to 10.5 is no or n/a, please explain
The Plan is a direct wholly owned subsidiary of Molina. Molina is a publicly traded company and is subject to compliance with the Sarbanes-Oxley Act. An Audit Committee is maintained at the Corporate level (Molina).

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Ben Lynam, FSA, MAAA, Chief Actuary, 200 Oceangate, Suite 100, Long Beach, CA 90802, Employee of the reporting entity

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$

12.2 If, yes provide explanation:

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [] No [X]
- 15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1 American Bankers Association (ABA) Routing Number | 2 Issuing or Confirming Bank Name | 3 Circumstances That Can Trigger the Letter of Credit | 4 Amount |
|--|--------------------------------------|--|-------------|
| | | | |

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
17.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
18.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers

\$

20.12 To stockholders not officers

\$

20.13 Trustees, supreme or grand (Fraternal Only)

\$
- 20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers

\$

20.22 To stockholders not officers

\$

20.23 Trustees, supreme or grand (Fraternal Only)

\$
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [] No [X]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others

\$

21.22 Borrowed from others

\$

21.23 Leased from others

\$

21.24 Other

\$
- 22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [X] No []
- 22.2

If answer is yes:

22.21 Amount paid as losses or risk adjustment

\$

3,463,095

22.22 Amount paid as expenses

\$

1,899,968

22.23 Other amounts paid

\$
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$
- 24.1

Does the insurer utilize third parties to pay agent commissions in which the amounts advanced by the third parties are not settled in full within 90 days?

Yes [] No [X]
- 24.2

If the response to 24.1 is yes, identify the third-party that pays the agents and whether they are a related party.

| Name of Third-Party | Is the Third-Party Agent a Related Party (Yes/No) |
|---------------------|---|
| | |

INVESTMENT

- 25.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 25.03)

Yes [X] No []

GENERAL INTERROGATORIES

25.02 If no, give full and complete information relating thereto

25.03 For securities lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

25.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions. \$

25.05 For the reporting entity's securities lending program, report amount of collateral for other programs. \$

25.06 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

25.07 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

25.08 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

25.09 For the reporting entity's securities lending program state the amount of the following as of December 31 of the current year:

25.091 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$

25.092 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$

25.093 Total payable for securities lending reported on the liability page. \$

26.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 25.03). Yes [X] No []

26.2 If yes, state the amount thereof at December 31 of the current year:

26.21 Subject to repurchase agreements \$

26.22 Subject to reverse repurchase agreements \$

26.23 Subject to dollar repurchase agreements \$

26.24 Subject to reverse dollar repurchase agreements \$

26.25 Placed under option agreements \$

26.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$

26.27 FHLB Capital Stock \$

26.28 On deposit with states \$1,054,900

26.29 On deposit with other regulatory bodies \$

26.30 Pledged as collateral - excluding collateral pledged to an FHLB \$

26.31 Pledged as collateral to FHLB - including assets backing funding agreements \$

26.32 Other \$

26.3 For category (26.26) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| | | |

27.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

27.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A []
If no, attach a description with this statement.

LINES 27.3 through 27.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

27.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [] No [X]

27.4 If the response to 27.3 is YES, does the reporting entity utilize:

27.41 Special accounting provision of SSAP No. 108 Yes [] No []

27.42 Permitted accounting practice Yes [] No []

27.43 Other accounting guidance Yes [] No []

27.5 By responding YES to 27.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

The reporting entity has obtained explicit approval from the domiciliary state.

Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.

Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.

Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

28.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

28.2 If yes, state the amount thereof at December 31 of the current year. \$

29. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

29.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1 Name of Custodian(s) | 2 Custodian's Address |
|--|--|
| US Bank, Institutional Trust & Custody | 555 SW Oak Street 6th Flr, PD-OR-P6TD Portland, OR 97204 |

GENERAL INTERROGATORIES

29.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1 Name(s) | 2 Location(s) | 3 Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |

29.03 Have there been any changes, including name changes, in the custodian(s) identified in 29.01 during the current year?..... Yes [] No [X]

29.04 If yes, give full and complete information relating thereto:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

29.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

| 1 Name of Firm or Individual | 2 Affiliation |
|---------------------------------|------------------|
| DWS | U..... |
| | |

29.0597 For those firms/individuals listed in the table for Question 29.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets?..... Yes [X] No []

29.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 29.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?..... Yes [X] No []

29.06 For those firms or individuals listed in the table for 29.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

| 1 Central Registration Depository Number | 2 Name of Firm or Individual | 3 Legal Entity Identifier (LEI) | 4 Registered With | 5 Investment Management Agreement (IMA) Filed |
|--|---------------------------------|------------------------------------|----------------------|---|
| 104518 | DWS | CZ83K4EEEX8QVCT3B128 | SEC | NO..... |
| | | | | |

30.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]

30.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|-----------------|--------------------------|--------------------------------------|
| 30.2999 - Total | | |

30.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|---|--|---|---------------------------|
| | | | |

GENERAL INTERROGATORIES

31. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | 1 | 2 | 3 |
|-----------------------------|-------------------------------|-------------|--|
| | Statement (Admitted) Value | Fair Value | Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
| 31.1 Bonds | 269,097,071 | 269,487,883 | 390,812 |
| 31.2 Preferred stocks | | | |
| 31.3 Totals | 269,097,071 | 269,487,883 | 390,812 |

31.4 Describe the sources or methods utilized in determining the fair values:
Fair value pricing is provided by independent service providers, NEAM our book of record, DWS JP Morgan, U.S. Bank, and Bloomberg. Effective June 1, 2019, NEAM employs a hierarchical pricing approach to determine the market price of a fixed income security. Under this model, each security's price comes from the highest-priority pricing source possible. Secondary pricing sources are used for filling gaps and for price comparisons.

32.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

32.2 If the answer to 32.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

32.3 If the answer to 32.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

33.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

33.2 If no, list exceptions:

34. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities? Yes [] No [X]

35. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities? Yes [] No [X]

36. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
a. The shares were purchased prior to January 1, 2019.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
d. The fund only or predominantly holds bonds in its portfolio.
e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.
Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

37. By rolling/renewing short-term or cash equivalent investments with continued reporting on Schedule DA, Part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:
a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
b. If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 37.a - 37.c are reported as long-term investments.
Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria? Yes [] No [X] N/A []

GENERAL INTERROGATORIES

OTHER

38.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$551,543

38.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|---|------------------|
| Michigan Association of Health Plans | 526,467 |
| National Association of Insurance Commissioners | 25,076 |
| | |

39.1 Amount of payments for legal expenses, if any?\$1,735,041

39.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

40.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$

40.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

2,050,055,212

1,781,927,455

2.2

Premium Denominator

2,050,055,212

1,781,927,455

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

372,478,692

290,344,972

2.5

Reserve Denominator

372,478,692

290,344,972

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

2,067,500

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
In 2021, Odyssey Reinsurance Company, a third party reinsurer, provided excess risk reinsurance to the reporting entity.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

39,793

8.2

Number of providers at end of reporting year

58,008

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

\$

9.22

Business with rate guarantees over 36 months

\$

28

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses.....\$

10.22 Amount actually paid for year bonuses.....\$ 32,877,958

10.23 Maximum amount payable withholds.....\$

10.24 Amount actually paid for year withholds.....\$

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No [X]

11.13 An Individual Practice Association (IPA), or, Yes [X] No []

11.14 A Mixed Model (combination of above)? Yes [] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Michigan

11.4 If yes, show the amount required. \$ 79,417,570

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]

11.6 If the amount is calculated, show the calculation

Per Section 500.3551 of the Michigan Insurance Code. The Plan is required to maintain a minimum net worth equal to the greater of: 1) \$1.5 million

2) 4% of total premium for the year=.04*1,985,439,247=\$79,417,570

3) sum of 3 months of uncovered hospital and medical expenses of (12mos)\$2,583,276 minus (9mos) 1,945,750= (3mos) of \$637,526.

12. List service areas in which reporting entity is licensed to operate:

| 1 Name of Service Area |
|---|
| Alcona, Allegan, Alpena, Antrim, Arenac, Barry, |
| Bay, Benzie, Berrien, Branch, Calhoun, Cass, |
| Charlevoix, Cheboygan, Clare, Clinton, Crawford, Eaton, |
| Emmet, Genesee, Gladwin, Grand Traverse |
| Gratiot, Hillsdale, Huron, Ingham, Ionia, Iosco, |
| Isabella, Jackson, Kalamazoo, Kalkaska, Kent, |
| Lake, Lapeer, Leelanau, Lenawee, Livingston, |
| Macomb, Manistee, Mason, Mecosta, Midland, |
| Missaukee, Monroe, Montcalm, Montmorency, |
| Muskegon, Nawaygo, Oakland, Oceana, Ogemaw, Osceola, |
| Oscoda, Otsego, Ottawa, Presque Isle, Roscommon, |
| Saginaw, Saint Joseph, Saint Claire, Sanilac |
| Shiawassee, Tuscola, Van Buren, Washtenaw, |
| Wayne, Wexford |

13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$

13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. \$

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]

14.2 If the answer to 14.1 is yes, please provide the following:

| 1 Company Name | 2 NAIC Company Code | 3 Domiciliary Jurisdiction | 4 Reserve Credit | Assets Supporting Reserve Credit | | |
|-----------------------|------------------------------|--------------------------------------|----------------------------|----------------------------------|--------------------------|------------|
| | | | | 5 Letters of Credit | 6 Trust Agreements | 7 Other |
| | | | | | | |

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1 Direct Premium Written\$

15.2 Total Incurred Claims\$

15.3 Number of Covered Lives

| *Ordinary Life Insurance Includes |
|---|
| Term(whether full underwriting, limited underwriting, jet issue, "short form app") |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without secondary gurantee) |
| Universal Life (with or without secondary gurantee) |
| Variable Universal Life (with or without secondary gurantee) |

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No [X]

16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Molina Healthcare of Michigan, Inc.

FIVE-YEAR HISTORICAL DATA

| | 1 2021 | 2 2020 | 3 2019 | 4 2018 | 5 2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| Balance Sheet (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28) | 675,351,165 | 564,008,953 | 470,474,789 | 498,543,217 | 422,491,747 |
| 2. Total liabilities (Page 3, Line 24) | 469,086,290 | 403,932,310 | 260,222,246 | 261,356,046 | 262,192,557 |
| 3. Statutory minimum capital and surplus requirement | 79,417,570 | 67,400,412 | 67,724,617 | 100,349,576 | 103,355,776 |
| 4. Total capital and surplus (Page 3, Line 33) | 206,264,875 | 160,076,643 | 210,252,543 | 237,187,171 | 160,299,190 |
| Income Statement (Page 4) | | | | | |
| 5. Total revenues (Line 8) | 1,985,439,248 | 1,685,010,297 | 1,692,543,802 | 1,789,742,804 | 1,949,297,515 |
| 6. Total medical and hospital expenses (Line 18) | 1,646,753,814 | 1,285,087,082 | 1,279,102,429 | 1,390,298,646 | 1,684,900,455 |
| 7. Claims adjustment expenses (Line 20) | 60,223,104 | 54,856,199 | 57,446,759 | 53,342,663 | 53,409,469 |
| 8. Total administrative expenses (Line 21) | 222,367,330 | 258,215,667 | 216,556,917 | 219,013,930 | 161,865,566 |
| 9. Net underwriting gain (loss) (Line 24) | 56,095,000 | 86,851,349 | 139,437,697 | 127,087,565 | 49,122,025 |
| 10. Net investment gain (loss) (Line 27) | 4,084,946 | 5,504,051 | 10,626,093 | 7,128,155 | 4,173,693 |
| 11. Total other income (Lines 28 plus 29) | (394) | 53 | 19,600 | | (49,859) |
| 12. Net income or (loss) (Line 32) | 47,466,422 | 65,404,990 | 117,606,159 | 97,494,702 | 32,957,455 |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11) | 139,477,198 | 166,188,661 | 138,517,251 | 27,351,968 | (2,496,668) |
| Risk-Based Capital Analysis | | | | | |
| 14. Total adjusted capital | 206,264,875 | 160,076,643 | 210,252,543 | 237,187,171 | 160,299,190 |
| 15. Authorized control level risk-based capital | 65,199,427 | 51,077,507 | 50,545,608 | 50,174,788 | 51,677,888 |
| Enrollment (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7) | 428,377 | 399,622 | 362,421 | 383,277 | 398,239 |
| 17. Total members months (Column 6, Line 7) | 5,018,538 | 4,567,740 | 4,382,652 | 4,705,837 | 4,904,292 |
| Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0 | | | | | |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) | 82.9 | 76.3 | 75.6 | 77.7 | 86.4 |
| 20. Cost containment expenses | 2.4 | 2.9 | 2.9 | 2.5 | 2.4 |
| 21. Other claims adjustment expenses | 0.7 | 0.3 | 0.5 | 0.5 | 0.4 |
| 22. Total underwriting deductions (Line 23) | 97.2 | 94.8 | 91.8 | 92.9 | 97.5 |
| 23. Total underwriting gain (loss) (Line 24) | 2.8 | 5.2 | 8.2 | 7.1 | 2.5 |
| Unpaid Claims Analysis (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13, Col. 5) | 102,977,135 | 118,426,824 | 149,476,894 | 163,417,998 | 218,083,243 |
| 25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] | 121,899,956 | 122,949,771 | 148,426,262 | 175,780,719 | 230,123,289 |
| Investments In Parent, Subsidiaries and Affiliates | | | | | |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) | | | | | |
| 27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) | | | | | |
| 28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) | | | | | |
| 29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) | | | | | |
| 30. Affiliated mortgage loans on real estate | | | | | |
| 31. All other affiliated | | | | | |
| 32. Total of above Lines 26 to 31 | | | | | |
| 33. Total investment in parent included in Lines 26 to 31 above. | | | | | |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Molina Healthcare of Michigan, Inc.

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

| Allocated by States and Territories | | | | | | | | | | | |
|-------------------------------------|---|-------------------|------------------------------|----------------------|--------------------|----------------|--|--|-----------------------------|---------------------------|------------------------|
| | | 1 | Direct Business Only | | | | | | | | |
| | | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| States, etc. | | Active Status (a) | Accident and Health Premiums | Medicare Title XVIII | Medicaid Title XIX | CHIP Title XXI | Federal Employees Health Benefits Program Premiums | Life and Annuity Premiums & Other Considerations | Property/ Casualty Premiums | Total Columns 2 Through 8 | Deposit-Type Contracts |
| 1. | Alabama | AL | N | | | | | | | | |
| 2. | Alaska | AK | N | | | | | | | | |
| 3. | Arizona | AZ | N | | | | | | | | |
| 4. | Arkansas | AR | N | | | | | | | | |
| 5. | California | CA | N | | | | | | | | |
| 6. | Colorado | CO | N | | | | | | | | |
| 7. | Connecticut | CT | N | | | | | | | | |
| 8. | Delaware | DE | N | | | | | | | | |
| 9. | District of Columbia | DC | N | | | | | | | | |
| 10. | Florida | FL | N | | | | | | | | |
| 11. | Georgia | GA | N | | | | | | | | |
| 12. | Hawaii | HI | N | | | | | | | | |
| 13. | Idaho | ID | N | | | | | | | | |
| 14. | Illinois | IL | N | | | | | | | | |
| 15. | Indiana | IN | N | | | | | | | | |
| 16. | Iowa | IA | N | | | | | | | | |
| 17. | Kansas | KS | N | | | | | | | | |
| 18. | Kentucky | KY | N | | | | | | | | |
| 19. | Louisiana | LA | N | | | | | | | | |
| 20. | Maine | ME | N | | | | | | | | |
| 21. | Maryland | MD | N | | | | | | | | |
| 22. | Massachusetts | MA | N | | | | | | | | |
| 23. | Michigan | MI | L | 57,634,606 | 537,143,092 | 1,456,639,411 | | | | 2,051,417,109 | |
| 24. | Minnesota | MN | N | | | | | | | | |
| 25. | Mississippi | MS | N | | | | | | | | |
| 26. | Missouri | MO | N | | | | | | | | |
| 27. | Montana | MT | N | | | | | | | | |
| 28. | Nebraska | NE | N | | | | | | | | |
| 29. | Nevada | NV | N | | | | | | | | |
| 30. | New Hampshire | NH | N | | | | | | | | |
| 31. | New Jersey | NJ | N | | | | | | | | |
| 32. | New Mexico | NM | N | | | | | | | | |
| 33. | New York | NY | N | | | | | | | | |
| 34. | North Carolina | NC | N | | | | | | | | |
| 35. | North Dakota | ND | N | | | | | | | | |
| 36. | Ohio | OH | N | | | | | | | | |
| 37. | Oklahoma | OK | N | | | | | | | | |
| 38. | Oregon | OR | N | | | | | | | | |
| 39. | Pennsylvania | PA | N | | | | | | | | |
| 40. | Rhode Island | RI | N | | | | | | | | |
| 41. | South Carolina | SC | N | | | | | | | | |
| 42. | South Dakota | SD | N | | | | | | | | |
| 43. | Tennessee | TN | N | | | | | | | | |
| 44. | Texas | TX | N | | | | | | | | |
| 45. | Utah | UT | N | | | | | | | | |
| 46. | Vermont | VT | N | | | | | | | | |
| 47. | Virginia | VA | N | | | | | | | | |
| 48. | Washington | WA | N | | | | | | | | |
| 49. | West Virginia | WV | N | | | | | | | | |
| 50. | Wisconsin | WI | N | | | | | | | | |
| 51. | Wyoming | WY | N | | | | | | | | |
| 52. | American Samoa | AS | N | | | | | | | | |
| 53. | Guam | GU | N | | | | | | | | |
| 54. | Puerto Rico | PR | N | | | | | | | | |
| 55. | U.S. Virgin Islands | VI | N | | | | | | | | |
| 56. | Northern Mariana Islands | MP | N | | | | | | | | |
| 57. | Canada | CAN | N | | | | | | | | |
| 58. | Aggregate Other Aliens | OT | XXX | | | | | | | | |
| 59. | Subtotal | XXX | 57,634,606 | 537,143,092 | 1,456,639,411 | | | | | 2,051,417,109 | |
| 60. | Reporting Entity Contributions for Employee Benefit Plans | XXX | | | | | | | | | |
| 61. | Totals (Direct Business) | XXX | 57,634,606 | 537,143,092 | 1,456,639,411 | | | | | 2,051,417,109 | |
| DETAILS OF WRITE-INS | | | | | | | | | | | |
| 58001. | | XXX | | | | | | | | | |
| 58002. | | XXX | | | | | | | | | |
| 58003. | | XXX | | | | | | | | | |
| 58998. | Summary of remaining write-ins for Line 58 from overflow page | XXX | | | | | | | | | |
| 58999. | Totals (Lines 58001 through 58003 plus 58998)(Line 58 above) | XXX | | | | | | | | | |

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....1

E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....

N - None of the above - Not allowed to write business in the state.....56

(b) Explanation of basis of allocation by states, premiums by state, etc.

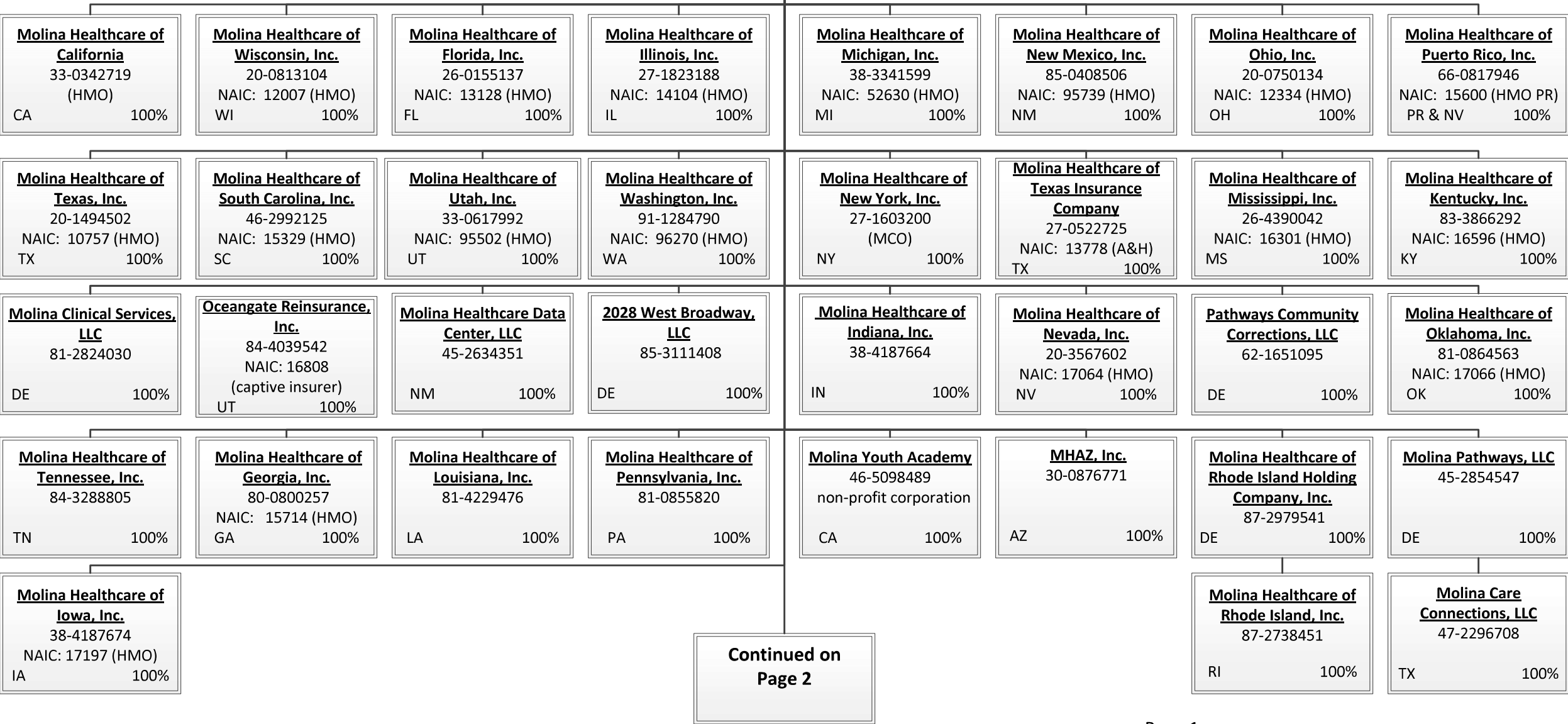
All premiums written within the state of Michigan.

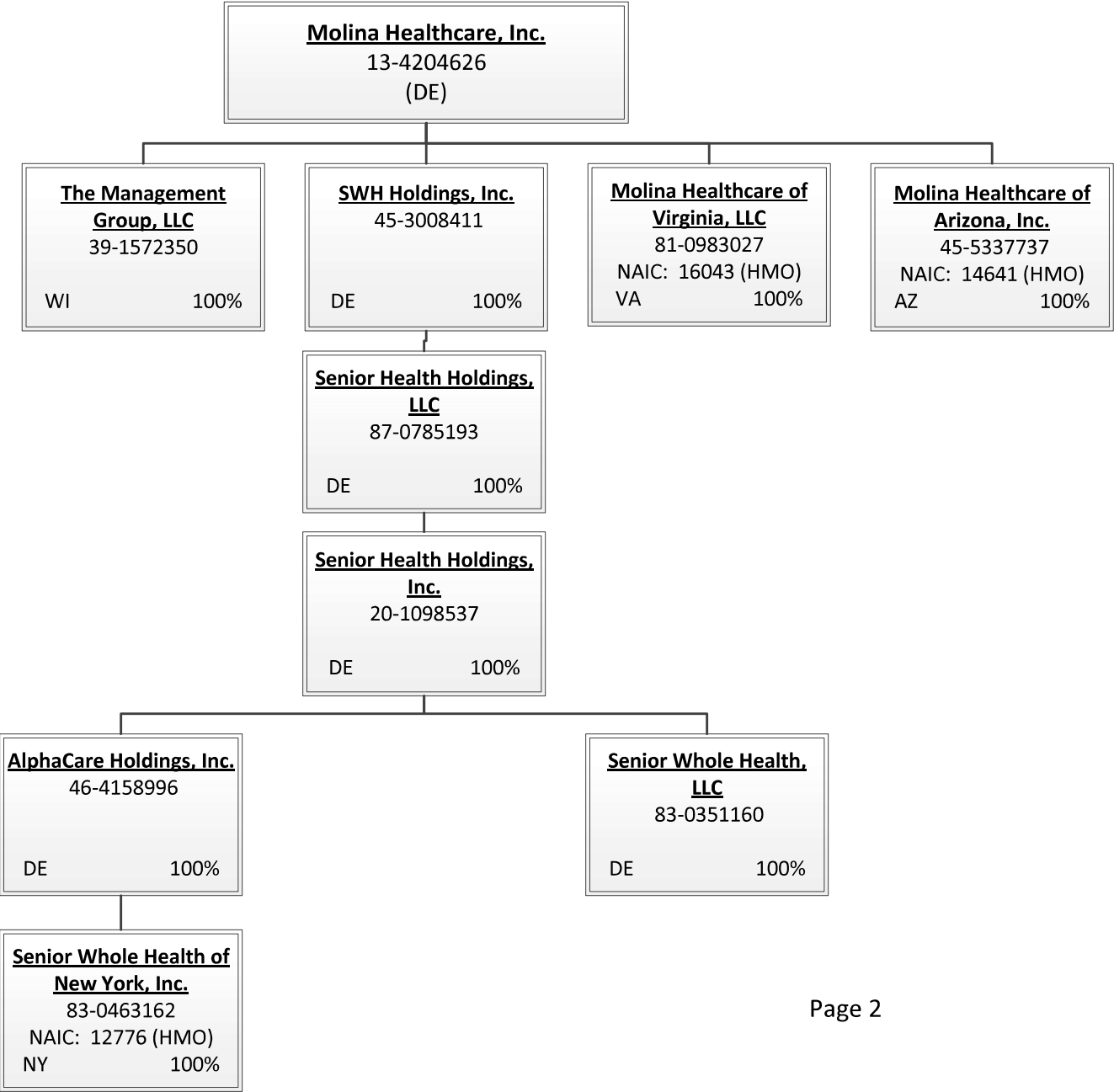
R - Registered - Non-domiciled RRGs.....

Q - Qualified - Qualified or accredited reinsurer.....

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Molina Healthcare of Michigan, Inc.

Molina Healthcare, Inc.
13-4204626
(DE)





OVERFLOW PAGE FOR WRITE-INS

NONE